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REVENUE PRODUCING SYSTEMS IN SELECTED AIR POLLUTION CONTROL AGENCIES

CINCINNATI UNIVERSITY

PREPARED FOR
ENVIRONMENTAL PROTECTION AGENCY

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16. ABSTRACT

This paper reports the findings of a study of revenue producing systems in nine air pollution control agencies. The revenue producing systems include various permit fees, inspection fees, monitoring/surveillance fees and specially earmarked taxes. The agencies studied included two State agencies (Oregon and Wisconsin) and seven local agencies (St. Louis, Philadelphia, Chicago, New York, Los Angeles, San Francisco Bay Area, and Puget Sound). The study found that collecting fees usually presented few problems except where fees were levied against other public entities (e.g., schools, government buildings). Revenues from fee systems do shift some burden from general tax based funding to the sources of air pollution. However, it was found that, in the agencies studied, only a small portion of agency budget requirements come from fees; the average being 9 percent. The study also concluded that fees alone are not major enforcement aids and have little direct effect on pollution control.

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The City of New York, Department of Air Resources
The County of Los Angeles, Air Pollution Control District
The Bay Area, Air Pollution Control District
The Puget Sound, Air Pollution Control Agency
The State of Oregon, Air Quality Control Division
The State of Wisconsin, Bureau of Air Pollution and Solid Waste Disposal

Much of the data was developed especially for this project and required considerable time and effort by the contributors. The individuals who participated are named in the Agency Interview Summaries and they are sincerely thanked for their assistance.

Many other individuals expressed opinions to the author personally on the philosophical and practical bases regarding fees and charges for the wide range of technical and supervisory activity required of the air pollution control agency. These conversations were of assistance in formulating the conclusions of this study.

The guidance of the Project Officer, Henry C. Thomas, and Staff of the Control Programs Development Division, Office of Air Quality Planning and Standards, U.S. Environmental Protection Agency was a major contribution to the successful completion of this work, and this help and assistance is gratefully acknowledged.

FEE STUDY

TABLE OF CONTENTS

I PURPOSE OF THE STUDY

II STUDY DESIGN

III REVENUE SYSTEMS

IV INTERVIEW SUMMARIES

V SUMMATION OF DATA

VI COMMENTS ON DATA

VII CONCLUSIONS

Appendix I Agency Interview Guide

Preceding page blank

LIST OF TABLES

Table No.	
1	Agencies Selected for Study
2	Revenue Producing Systems
3	Schedule of Fees - StL APCD
4	Source of Funds - StL APCD
5	Service Revenue vs Service Costs - StL APCD
6	Schedule of Fees - PHIL AMS
7	Source of Funds - PHIL AMS
8	Service Revenue vs Service Costs - PHIL AMS
9	Schedule of Fees - CHI DEC
10	Source of Funds - CHI DEC
11	Service Revenue vs Service Costs - CHI DEC
12	Schedule of Fees - NYC DAR
13	Source of Funds - NYC DAR
14	Service Revenue vs Service Costs - NYC DAR
15	Schedule of Fees - LAC APCD
16	Source of Funds - LAC APCD
17	Service Revenue vs Service Costs - LAC APCD
18	Schedule of Fees - BA APCD
19	Source of Funds - BA APCD
20	Service Revenue vs Service Costs - BA APCD
21	Schedule of Fees - PS APCA
22	Source of Funds - PS APCA
23	Service Revenue vs Service Costs - PS APCA
24	Schedule of Fees - ORE DEQ
25	Source of Funds - ORE DEQ
26	Service Revenue vs Service Costs - ORE DEQ
27	Schedule of Fees - WIS APSW
28	Source of Funds - WIS APSW
29	Service Revenue vs Service Costs - WIS APSW
30	Agency Data
31	Source of Income
32	Service Revenue
33	Service Revenue to Service Costs
34	Sources of Operating Funds
35	Service Revenue vs Service Costs
36	Maricopa County, Arizona
37	State of Michigan

I PURPOSE OF THE FEE STUDY

A. INTRODUCTION

The Clean Air Act of 1970 has demanded an almost explosive expansion of state, regional, and local air pollution control programs. Funds for such programs have come principally from general tax based revenues augmented in varying degrees by federal grants.

Many control agencies of long standing have charged fees for construction permits and required source inspections. Except for a few recent developments, such charges have been nominal and exerted no significant influence on the requirement for tax based funds and federal support.

New agencies created to meet the federal Clean Air Act requirements appear hesitant to establish fee systems applying directly to regulated sources. At present many states perform stipulated source inspections, review and issue or deny permits to construct, or perform work related directly to sources of air pollution with no applicable charges or fees. A wide variety of policies exist with respect to service charges for required agency operations.

B. PURPOSE

This study is to draw together the practices of several key agencies with respect to charges for required services for the benefit of those who might wish to utilize charges and fees for control activities. New concepts in fees and charges are of interest and influence of fee systems on emission reduction is studied.

Specifically, the purpose of the FEE STUDY is to investigate and describe revenue producing systems in a number of state and local air pollution control agencies. The study is to indicate how fees and charges are collected, how they are disposed of, and how they relate to the agency

funding process. The legal authority for implementing fees and charges, and the level of charges in effect are included.

Adjunct to the principal purpose are the following:

(a) The influence fee systems have on the enforcement process

(b) Problems associated with collection and disposition of fees

(c) Administrative and legal processes required to adopt new systems or change existing levels of charges

(d) A 'pulse-taking' of the control agency administrators relating fees and charges to agency operation.

II STUDY DESIGN

A. GENERAL

The design of the study is straight-forward. From the personal experience of the contractor with the advice and assistance of the Control Programs Development Division of the Federal EPA, nine agencies which have differing fees and charges and which are local, regional, and state jurisdictions were selected for visitation by the contractor.

A prior federal study* generated background data which was also used in the agency selection. No agency included in the federal study was selected for this work, but significant information from federal report will be included herein.

The variety of revenue systems expected to be used were considered and a Schedule of Revenue Producing Systems to include all possible arrangements used by agencies was constructed. An Agency Interview Guide was then constructed to assist in the orderly development of the required information and data during the agency visits.

The Guide, a copy of which is Appendix I of this report, incorporates general agency data and the names of persons interviewed. The Schedule of Revenue Producing Systems is included for convenience in recording. Inter-related questions deal with legal authority, collection and disposition of revenues, the influence of fees collected on budgeting and enforcement, and the reaction of the administrators to new ideas or expanded systems.

The data requested relates to the dollar volume of fees and charges by fee class together with the units involved. Funding data seeks to establish costs broken down into the four major service divisions of an agency, namely administration, engineering, technical and enforcement

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*Report on a Study of Control Agency Revenue Fees, Office of Planning and Management, U.S. EPA, June 1974.

along with the estimate of the percent of each services related to the revenue producing system. The source of funds was scheduled into the following classes -- general or tax based; state support of local or regional operations; federal; retained fees; and other sources of funds to support the required agency programs.

In addition to the data collected and question response, general information about the agency in the form of fiscal reports, annual reports, organization charts and other documents were solicited to aid in the reporting on each agency, as well as drawing conclusions for the study.

Visits were scheduled with agency managing officers or their representative personnel and others who could furnish the objective data and and the subjective evaluations sought. Their frank responses to the opinion questions and the time and effort expended to produce the data were major contributions to this work. Without such cooperation the study could not have been accomplished.

After completing the visits, the output of the data and the opinion responses were structured and completed. Data is summarized and conclusions are drawn. The conclusions reflect

(a) Opinions of study agency representatives
(b) The compendium of agency practice from the federal studies
(c) The contractor's personal opinions shaded by the results of the nine agency interviews

B. STUDY AGENCIES

Selection of the study agencies was guided by several parameters.

(a) They should include city, county, and regional agencies with fee systems in operation.
(b) They should have some geographical distribution.
(c) The state agencies must not have been visited in any of the federal studies.
(d) The systems in use should have variety. They should differ in nature and length of time in force. Systems of long standing and new ideas of recent implementation were considered of equal importance in accomplishing the objectives of the study.

The agencies selected are shown in Table 1. Each agency is designated by an acronym to facilitate tabular presentation of data.

Table 1. AGENCIES SELECTED FOR STUDY

Designation	Agency
StL. DAPC	City of St. Louis, Division of Air Pollution Control
PHIL AMS	City of Philadelphia, Air Management Services
CHI DEC	City of Chicago, Department of Environmental Control
NYC DAR	City of New York, Department of Air Resources
LAC APCD	County of Los Angeles, Air Pollution Control District
BA APCD	Bay Area Air Pollution Control District
PS APCA	Puget Sound Air Pollution Control Agency
ORE AQCD	State of Oregon, Air Quality Control Division
WIS APSW	State of Wisconsin, Bureau of Air Pollution and Solid Waste Disposal

III REVENUE SYSTEMS

A. GENERAL

Fees and charges have been used for many years to partially support such activities as processing required permits to install, operating permits, and annual inspection and certification programs. More recently, fees and charges have been devised for meeting other activity costs, such as monitoring and surveillance and technical service. Other sources of revenue directly available to agencies are taxes earmarked by state law and civil penalties. Five general groupings are used:

Group A - Charges made for specific activity

Group B - Charges authorized by state law to be assessed against political sub-divisions of a region

Group C - Revenue systems authorized, but not instituted. This Group was deleted, as all revenue systems approved but not used could be identified specifically in the catalogued systems.

Group D - Specialized Charges

Group E - Fines and Penalties

To further structure the Systems, they are identified as:

F - for fixed fee applying to every application or billing. Frequently a fixed fee is identified as a 'filing' fee.

S - for charges levied according to a schedule of equipment size, cfm rate, or some parameter of the equipment or process involved

V - a variable charge to reimburse the agency for the costs (either direct or total) of performing a test or service.

Table 2 identifies the various systems and proved to be adequate for the nine agencies surveyed.

TABLE 2. REVENUE PRODUCING SYSTEMS

Group A

A.1 Permits to Construct. (one time)

A1.1 Permits to Operate (one time)

A2 Recurring operational permits (annual?)

A3 Monitoring/Surveillance charges

A4 Source Analysis charges (Source test or witness)

A5 Fuel Analysis charges

A6 Business License fees (Solid fuel dealers license)

A7 Motor Vehicle Inspection fees

A8 Application for Variance or Hearing Board Proceedings

A9 Open Burning permits

A10 _____

A11 _____

A12 _____

Group B

B1 Earmarked taxes

B2 Contractural Services with Other Communities

Group C

C1 Authorized but not charged (Record why)

Group D (Specialized charges)

D1 Charges for Technical Reports and Information (LA)

Group E

E1 Fines and Penalties (Court assessed)

E2 Civil Penalties (Admin. Assessed)

Notes to Revenue Producing Systems

1. Where automatic penalties are provided for follow by P.

2. Note the following

S for a scheduled (variable) fee

F for a fixed fee (the same for all applicants)

V variable depending upon time required (actual cost of the work)

B. SYSTEM DESCRIPTION

A1 Permits to Construct

This system has perhaps the longest history of use. Its strength is more as a regulatory tool than a source of operating funds. The charging of the fee was not found to enhance the permit requirement, although it was occasionally stated that the charging of the permit fee added 'stature' or 'official' tone to the permit. Often the fee is in two parts, a filing fee and an approval or denial charge.

The schedule ranges from a few broad classes or sizes to a very detailed listing having as many as forty or fifty categories.

Often the regulatory statute includes as a condition for requiring a permit, the phrases construct, reconstruct, install, or re-install, and alter to make any replacement or alteration. The construction permit is a valuable tool in maintaining the emission inventory of the region.

A1.1 Permits to Operate (one time)

Permits to operate are frequently required in addition to the construction permit. In other systems the approval of the construction permit following completion is the authorization to operate. One system (Philadelphia) uses an indefinite (one time) permit to operate for small sources as distinguished form the recurring or periodic re-inspection of major sources.

A2 Recurring Inspections for Operational Permits

This regulation is another powerful enforcement tool and where required by the regulation is frequently accompanied by a charge to partially defray the inspection costs. The period of re-certification is frequently one year but may be longer (New York City is triennial) and some use "at least once every three years" to permit the agency a degree of latitude. A good re-certification system with adequate field inspection can be expensive, but it pays big dividends in enforcement. As regulations become more complex, the need for competent re-certification grows. The emission inventory is up-dated by the reinspection process.

A3 Monitoring/Surveillance Charge

This system is perhaps the newest concept in charges levied against sources. None of the above systems (A1, 1.1, or 2) involve the recovering of costs of area-wide monitoring or surveillance over sources. Surveillance charges are designed to shift a major part of the agency costs from

general tax based funds to air pollution sources. It is primarily an annual billing to sources based on a specified formula using parameters of pollutant emissions or size of source. The State of Michigan introduced the concept. Wisconsin also has an A3 charge which is described in this study. Since Michigan was not studied in this work, only the general aspects of the Michigan system are reported from the Federal effort.

A4 Source Analysis Charge and A5 Fuel Analysis Charge

A4 and A5 are similar and result in a charge to the source to recover the actual costs of the service. This is a billing procedure and very little use of these charges is made.

A6 Business License

Business licenses are used as regulatory tools. Only St. Louis, requiring Solid Fuel Dealer's License was found. The City of Cincinnati, not part of the survey, also requires solid fuel dealer's licenses. In both cities revenues are insignificant, less than $1000 for less than 20 licenses. In other areas, business licenses are required but are not related to or regulated by the air pollution control agency.

A7 Motor Vehicle Inspection

A fee to be charged for reinspection of existing motor vehicles is in the process of creation. Mostly state level programs, some are now funded for development and some are in the study stage but none are operational. In the survey agencies, none were involved in a required motor vehicle reinspection program for which a fee is charged. Several programs are limited to Metropolitan areas and several are 'sub-let' to other departments. Chicago DEC will fund an inspection for emissions as add-on charge to current motor vehicle license, in the Department of Transportation. Cincinnati is studying emission add-on to an on-going safety lane inspection program. Since no programs are operational, no data shows up in the revenue systems. Where funds are appropriated for developmental motor vehicle programs as in Chicago and Oregon, the analysis deletes the motor vehicle funds as they are significant amounts and would distort comparisons with other agencies in the study.

A8 Application for Variance and A9 Open Burning Permits

Both categories are self explanatory.

B1 Earmarked Taxes

Two agencies have assessing authority granted by State Law, Bay Area APCD and Puget Sound APCA. These are not charges for service performed and in operational costs-related service revenues they are separated out. However, they are a realistic and sound method of determining the cost sharing between political bodies of a regional agency. Both systems seem to be working well with BA APCD based upon the property tax valuation and PS APCA basing the charge per capita. Both rates of charges are set by Boards made up of elected representatives of member communities. It is significant that both agencies have been requested to investigate revenue systems to shift some of the financial burden from general tax based funds to other revenue methods including charges to air pollution sources.

B2 Contractual Service

This group provides for an agency contracting with other political entities, which contracts are paid from tax based funds as above. Since the B2 programs add costs to the agency, they are included in operational analysis. Such contracts are few and are a small fraction of total operations.

C1 Authorized but Not Charged

This group was deleted as programs authorized but not begun were found to be insignificant and fit into the already classified systems.

D1 Charges for Technical Service

When agencies are requested to furnish technical help or information, they are authorized to bill the recipient for costs incurred in providing the service.

E1 Criminal Penalties and E2 Civil Penalties

Criminal Penalties are catalogued as a revenue source but are not included in any operational analysis since revenues always revert to the community of jurisdiction. E2 Civil Penalties are those assessed by the operational unit or an administrative board and are usually reflected in the budgeting process of the agency. The Civil Penalty is found in the newer programs and can be a major source of revenue (or costs as in New York City) and is reported by those having access to the system as being an effective aid to the enforcement effort.

IV INTERVIEW SUMMARIES

A Summary of each agency visitation is prepared. Data for each jurisdiction is given along with a commentary resulting from discussions with appropriate personnel. Following the commentary is a summary table of fees, a table of Sources of Funds and a tabular analysis of Service Revenue vs. Service Costs. The tables are noted to show the basis for determination where the data is calculated or estimated.

A. St.L DAPC AGENCY INTERVIEW SUMMARY

AGENCY: CITY OF ST. LOUIS, DIVISION OF AIR POLLUTION CONTROL, DEPARTMENT OF PUBLIC SAFETY
Charles M. Copley, Jr. - Commissioner
Cary J. Russell - Office Manager

HEADQUARTERS: 419 City Hall, St. Louis, Missouri 63103

JURISDICTION: City of St. Louis

DATE OF INTERVIEW: June 6, 1974

PEOPLE SERVED: 622,000 (1970 Census)

AREA SERVED: 61.2 sq. mi.

NO. OF SOURCES: 739 (Registered Sources)
14 Solid Fuel Dealers Licenses
(Sec. Four No. 30) Source operation is the last operation preceding the emission of the air contaminant, which operation results in the separation of the air contaminant from the process materials.

REVENUE SYSTEM IN EFFECT AND LEGAL AUTHORITY:
A1(S) Permit to Construct. ORDINANCE 55923, EFFECTIVE June 22, 1971
A1.1(F) Permit to Operate. ORDINANCE 55923, EFFECTIVE June 22, 1971
NOTE 1: All air pollution sources existing at the time the original ordinance was adopted did not pay a fee for registration. Now, only when a new air pollution source, or controls are installed on an existing source or alterations are made to existing source or its control equipment are fees required.
A6(F) Solid Fuel Dealers License - Chap. 647, RC 1960.

SCHEDULE OF FEES: See Table 3

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: Only by legislative action (ordinance) of the Board of Aldermen. The Agency with advice from the Air Pollution Advisory Council recommends.

COLLECTION AND DISPOSITION: Payments required with application. Collections by Agency are deposited to the General Fund without designation to the Agency account.

COLLECTION COSTS: Minimal, less than one employee's time.

PROBLEMS IN COLLECTION: None. If fee is not paid the permit is not issued. Collections are 100%.

GOVERNMENTAL UNITS EXEMPT: Federal, State, and Local governmental sources, including public Boards of Education, are subject to ordinance requirements, but do not pay permit fees.

BUDGETING WITH RESPECT TO FEES: Since fees collected are deposited to the General Fund and since the allocation of budgeted funds is not contingent on collection of fees, there are no budgeting problems related to permit fee system operation.

RETURNS IN TERMS OF POLLUTION CONTROL: The Agency can see no benefit in pollution reduction from the fee system. Permit fees have been collected for many years and those regulated and required to pay for permits are accustomed to doing so.

GENERAL COMMENTS: Any major adjustment upward in fee schedules would require legislative approval and would be strongly opposed by those who are affected. There would be slim chance of adoption. New types of revenue systems would be opposed by the Agency as disruptive to the enforcement process, particularly if the Agency would become the collection unit. The Commissioner singled out as objectionable a charge for recurring annual inspection. He believes such a system, if the charges produce significant revenues, would soon draw the accusation that revenue producing is the prime beenfit and enforcement is secondary.

TABLE 3. St.L APCD FEE SCHEDULE SUMMARY

A1 and A1.1 Plan Examination and Permits for Installation, alteration, or replacement and for inspection and affixing labels.

Fuel Burning and Source Operation
Basis of Fee. Net heat output, BTU/hr
Fee. $6.00 to $160.00

Refuse Burning Devices.
Basis of Fee. Manufacturers Maximum Operating Capacity
Fee. $60.00 to $100.00

For Registration of <u>each</u> source operation
Fee. $30.00

A6 Solid Fuel Dealers License
Fee. $20.00 for each license plus
$ 2.00 for each truck over one

TABLE 4. StL DAPC SOURCE OF FUNDS FY 74

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	299.0	299.0	50	50
FROM STATE TO LOCAL (TAX BASED)				
FEDERAL GRANT	299.0	299.0	50	50
RETAINED FEES				
OTHER				
TOTAL	598.0	598.0	100	100

TABLE 5. StL DAPC SERVICE REVENUE VS. SERVICE COSTS FY 74

AGENCY SERVICE	SERVICE COST (1)		REVENUE RELATED SERVICE COST (2)		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	144.2	24	21.6	15				
ENGINEERING	72.1	12	43.3	60	A1	68.8	44	12
TECHNICAL (MONITORING)	179.7	30			A1.1 A6	3.0 .4		
ENFORCEMENT	202.0	34	101.0	50				
OTHER								
TOTAL	598.0	100	165.9	27		72.2	44	12

NOTES:
(1) Service Division Costs estimated from ratios of Division personnel to total personnel taken from organization chart 5/1/72.
(2) From an estimate of the percent of time each Service Division contributes to the permit revenue system (from organization chart).

B. PHIL AMS AGENCY INTERVIEW SUMMARY

AGENCY: CITY OF PHILADELPHIA, AIR MANAGEMENT SERVICES, PHILADELPHIA DEPARTMENT OF PUBLIC HEALTH
Norman Glazer, Acting Director of Engineering
William Miller, Asst. Director of Engineering
Leon Randall, Administrative Officer

HEADQUARTERS: 4320 Wissahickon Avenue, Philadelphia, Pennsylvania 19129

JURISDICTION: City of Philadelphia

DATE OF INTERVIEW: August 15, 1974

PEOPLE SERVED: 1,950,000

AREA SERVED: 128.5 sq. mi

NO. OF SOURCES: 11,000 one time licenses, plus 2100 annual licenses.

A source is a unit of equipment which requires a license, either one time or an annual license. A unit of equipment is an article machine or device which may cause the issuance of air contaminants. If the article or device has a control apparatus attached to it or it is part of the system, the control unit is associated with the process for the purpose of permit or operating license. For Example, A boiler plant with three fuel fired boilers equipped with an e.s.p. would be three units for purpose of determining permit or license fee. An asphalt batching plant which has a drying furnace equipped with a cyclone followed by a bag house would be one process and would require two permits but only one operating license.

REVENUE SYSTEMS IN EFFECT AND LEGAL AUTHORITY:

A1(S) Installation permits. Par 3-306&7 Air Management Code, effective 1969.

A1.1(S) Operating license (one time) Par 3-306&7 Air Management Code, effective 1969.

A2(S) Operating licenses, recurring annually. (Same authority as above).

Note: The A1.1 and A2 are described in the Philadelphia Regulations as "indefinite operating license" and "renewable operating license" respectively. In general, all units require operating licenses except activity relating to household appliances, motor vehicles or other equipment used on highways, any building or structure used exclusively for dwellings containing fewer than 3 dwelling units, and fuel burning equipment of a net load rating of 250,000 BTU per hour or less. All other equipment that require license to operate shall be renewed annually except where the rated capacity is less than 2,000,000 BTU per hour or where gas or No. 5 grade or better fuel oil is the only fuel used for boilers, warm air furnaces, hot water heaters and their burners and stokers in which case an indefinite operating license is required. Par 3-306, Air Management Code.

The Air Management Code is Title 3 of the Philadelphia Code.

E1 Penalties, Par 3-103 Air Management Code

SCHEDULE OF FEES: See Table 6

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: Only by legislative action of the City Council can new revenue systems be adopted or existing fees revised.

COLLECTION AND DISPOSITION: For A1 fees payments are required with the application. Applications are approved and transmitted to the Department of Licenses and Inspections where the permits are issued and fees accounted for. A1.1 and A2, Operating Licenses, Applications are received, reviewed and bills are rendered for the fees. Here also, the Department of Licenses and Inspections does the billing and collection. All revenues are deposited in the general fund without earmarking for Air Management Services.

COLLECTION COSTS: Since billing and collections are done by Department of Licenses and Inspections, the costs of such activity could not be determined. Air Management revenues are handled along with all other licenses and fees required by the City of Philadelphia.

PROBLEMS IN COLLECTION: None, as the fee for installation permits is paid with the application. For operating licenses, collection problems are minimal. It was estimated that less than 1% of the billings are not paid on the first billing. Follow-up by Field Inspection Service results in collection of the 1% or in a few cases disapproval of the operating license making it illegal to operate the unit.

GOVERNMENTAL UNITS EXEMPT: No permits of license or fees is required of federal facilities. For State and Municipal facilities (including Board of Education) application for permits and licenses are required but no fees are charged.

BUDGETING WITH RESPECT TO FEES: Since fees collected do not become an item in the operating budget, no problems arise from a possible reduced collection.

RETURNS IN TERMS OF POLLUTION CONTROL: The Agency believes there is no direct effect upon enforcement or pollution reduction from the revenue system. The benefits of the permit and operating license system are well established. The only indirect benefit might be stated that charging the fee adds an official 'tone' to the permit therefore may be of some benefit. Permit fees have been collected for many years in the City of Philadelphia and for many permits and licenses other than Air Management Services and the general population and contractors are 'accustomed' to paying such fees.

GENERAL COMMENTS: Three years ago a city-wide study of costs vs revenue from Inspections and Licenses indicated that some fees be revised upward to match the revenue to direct costs of services. The $30 fee for boiler license was increased from $20 and such adjustment was reported to create the balance between revenues and direct costs. Table 8 Service Revenue vs Service Costs indicates that the revenue is 60% of the costs. It is pointed out that the costs of Table 8 are estimated total costs from budget figures which include personnel fringe benefits and indirect costs. If adjustments are made to include direct costs only then the revenue from permits and licenses would balance the direct cost. The direct service cost was not available in time to meet the deadline for this report.

Air Management Services Division contemplates no program of revenue review. The funding of Air Management Services is dictated by overall City policy of relating revenue from fees to cost of service as a means of apportioning costs between specific service 'users' and tax payers generally.

TABLE 6 PHIL AMS Fee Schedule Summary

A1 Installation Permits

Boilers, Warm Air Furnaces, Hot Water Heaters
Basis of Fee. Rated capacity BTU/hr output
Fee. $30.00 to $50.00

Incinerators and Crematories
Fee. $50.00 each

Industrial Processes and Other Equipment
Basis of Fee. Each process or unit of equipment
Fee. $25.00 to $50.00

A1.1 Indefinite Operating License
Fee. $5.00 each

A2 Renewable Operating Permits
Basis of Fee. Rated capacity of fuel burning equipment or for process, each unit
Fee. $20.00 to $ 50.00

TABLE 7. PHIL AMS SOURCE OF FUNDS FY 1974

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	749.4	749.4	51	51
FROM STATE TO LOCAL (TAX BASED)				
FEDERAL GRANT	708.8	708.8	49	49
RETAINED FEES				
OTHER				
TOTAL	1458.2	1458.2	100	100

TABLE 8. PHIL AMS SERVICE REVENUE VS. SERVICE COSTS FY 74

AGENCY SERVICE	SERVICE COST		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	243	17						
ENGINEERING	243(1)	17	124	50	A1	8.2		
TECHNICAL (MONITORING)	554	38			A1.1	2.5	60(1)	6
ENFORCEMENT	403(1)	28	32	8	A2	5.9 76.3		
OTHER								
TOTAL	1458(1)	100	156	11		93.9	60	6

NOTES:

(1) Service costs are derived from total budget estimates for FY 1974 and include fringe benefits. The distribution to the various services was by the ratio of man-years of the service to total agency man-years.

AGENCY INTERVIEW SUMMARY

AGENCY: CITY OF CHICAGO, DEPARTMENT OF ENVIRONMENTAL CONTROL
H. W. Poston, Commissioner
Edward Petkus, Director Engineering Service Division
James Masterson, Industrial Process Permit Section
Joseph Coyne, Assistant Director, Division of Inspectional Services
Edward Markley, Accountant

HEADQUARTERS: 320 North Clark Street, Chicago, Illinois 60610

JURISDICTION: City of Chicago

DATE OF INTERVIEW: July 16, 1974

PEOPLE SERVED: 3,255,000

AREA SERVED: 227 sq. mi.

NO. OF SOURCES: 40,000 fuel burning, 3,000 industrial, 2,500 incinerators, and uncounted commercial sources as dry cleaners, restaurants and gasoline stations. Sec. 17-2.1, Article II of the Environmental Control Ordinance defines a source as "Any and all sources of emission of atmospheric pollution, whether privately or publicly owned or operated. Without limiting the generality of the foregoing, this term includes all types of business, commercial and industrial plants, works, shops and stores, and heating power plants and stations, building and other structures of all types, including single and multiple family residences, apartment houses, office buildings, hotels, restaurants, schools, hospitals, churches and other institutional buildings, automobiles, trucks, tractors, buses and other motor vehicles, garages, vending and service locations or stations, railroad locomotives, ships, boats and other water-borne craft, portable fuel-burning equipment, incinerators of all types both indoor and outdoor, refuse dumps and piles, and all stack and other chimney outlets from any of the foregoing."

REVENUE SYSTEMS IN EFFECT AND LEGAL AUTHORITY:

A1(S) Permits to Construct (includes first permit to operate) Sec. 17-2.44

A1.1(S) Original Inspection Fees, Sec. 17-2.45

A2(S) Annual Inspection Fees, Sec. 17-2.45

A4(V) Source Analysis Charge, Sec. 17-2.52. This charge has not been activated.

E1(S) Criminal Fines and Penalties, Sec. 17-2.62.

All of the Sections quoted are found in Article II of the Environmental Control Ordinance, Chapter 17 of the Municipal Code of Chicago. Enacted December 16, 1969 and Amended January 1, 1973.

SCHEDULE OF FEES: See attached. Table 9.

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: New fee systems or new fees for existing systems can be adopted only by legislative action of the Chicago City Council.

COLLECTION AND DISPOSITION: A1 and A1.1 Fees for permits to construct and original inspection are paid for directly with the application or by 'lump sum payment' with the Building Permit application. For A2, Annual Inspections, bills are rendered by the Comptroller's office. Disposition is by deposit to the general fund and budget to the Agency does not include these funds.

COLLECTION COSTS: Not determined as collections for all city license and fees is done by Comptroller's office and costs for Department of Environmental Control operations are not separated.

PROBLEMS IN COLLECTION: On A1 and A1.1 fees, payment is with application. On A2 fees, very little problem with collections. Estimate that less than 1% are difficult or uncollectable.

GOVERNMENTAL UNITS EXEMPT: The regulations (Sec 17-2.50)provide for remittance of all examination or inspection fees charged against charitable, religious or educational institutions when such institution is 'non-profit'. Governmental units are required to pay fees and then claim refunds. The definition of 'person' (Sec 17-2.1) includes 'government corporation, minicipal corporation, city, county, municipality, district or other political subdivision, department, bureau, agency, or instrumentality of federa, state or local government...' This section is all-inclusive, but there is discussion going on concerning the remitting of fees to governmental entities.

BUDGETING WITH RESPECT TO FEES: Fees collected are deposited into the Corporate Fund and budget does not include an item of revenues from fees.

IMPACT ON TAX BASED FUNDING: Fees collected being deposited to the Corporate Fund become an item of income to the City and adds to the tax based revenue in a very small amount.

RETURNS IN TERMS OF POLLUTION CONTROL: The fees charged have no effect upon pollution control.

GENERAL COMMENTS: For many years Chicago has charged fees for required inspections and such practice is accepted by the citizenry and contractors as normal procedure. The agency management believes that a major upward adjustment in DEC fees would be upsetting and draw complaints. Should higher costs or other considerations indicate a need for revision, careful study would be necessary to set the charges at a level which would limit receipts to the proportionate share of the budget necessary to carry out the program for which the fees are charged.

TABLE 9. CHI DEC Fee Schedule Summary

A1 Filing Fees for Inspection of Plans
Basis of Fee. Per filing of application
Fee. $5.00 to $15.00

Permits for installation, alteration of, or additions to

Fuel Bruning Equipment
Basis of Fee. Capacity in BTU/hr
Fee. $10.00 to $30.00

Refuse Burning Equipment
Basis of Fee. Sq. ft. of grate area
Fee. $5.00 to $25.00

Process Creating or Devise for Controlling Air Pollution
Basis of Fee. One unit operation of one process
Fee. $10.00 each

A1.1 Original Inspection Fees

Fuel Burning Equipment
Basis of Fee. Capacity in BTU/hr
Fee. $10.00 to $40.00

Refuse Burning Equipment
Basis of Fee. Sq. ft. of grate area
Fee. $10.00 to $50.00

Process Creating or Device for Controlling Air Pollution
Basis of Fee. One unit operation of one process
Fee. $10.00

A2 Annual Inspections

Fuel Burning Equipment
Basis of Fee. Capacity in BTU/hr
Fee. $10.00 to $20.00

Refuse Burning Equipment
Basis of Fee. Sq. ft of grate area
Fee. $5.00 to $15.00

Process Creating or Device for Controlling Air Pollution
Basis of Fee. One unit operation or one process
Fee. $5.00

TABLE 10. CHI DEC SOURCE OF FUNDS FY 74

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	2177 (1)	2177 (1)	74	74
FROM STATE TO LOCAL (TAX BASED)				
FEDERAL GRANT	770	770	26 (2)	26
RETAINED FEES				
OTHER				
TOTAL	2947	2947	100	100

NOTES:

(1) Does not include an estimated $324,000 budgeted to noise, water and solid waste programs within the total Chicago funds, amounting to $2,500,990 for DEC operation for 1973.

(2) In 1974 with Chicago adding $2,513,430 for motor vehicle inspection the Federal grant funds will drop to 12% of DEC budget.

TABLE 11. CHI DEC SERVICE REVENUE VS. SERVICE COSTS - 1973

AGENCY SERVICE	(1) SERVICE COST		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	477	16						
ENGINEERING	410	14	266 144	65 (3) 35	A1 A2	169 (3) 93	64 65	6 3
TECHNICAL (MONITORING)	929	32						
ENFORCEMENT	1013	34	1013 (2)	100 (2)	A2	328	32	11
OTHER (4)	118	4						
TOTAL	2947	100	1423	48		590	41	20

NOTES:

(1) 1973 service costs were constructed by taking air program segment of DEC 1973 budget ($2,947,000) and applying service percentage values calculated from 1974 PPBS* budget, less motor vehicle funds (motor vehicle inspection was not in the 1973 activities) and adjusting for differences in 1973 & 1974 programs

(2) A2 inspections will require something less than 100% of enforcement but the percentage of effort was not available.

(3) Divided by ratio of revenue 169/(169+93) x 100 = 65%

(4) Research 50
Public Information 68

*Performance Planning Budget System

D. NYC DAR AGENCY INTERVIEW SUMMARY

AGENCY: CITY OF NEW YORK, DEPARTMENT OF AIR RESOURCES, ENVIRONMENTAL PROTECTION AGENCY
Harvey Goldstein, Asst. Commissioner for Administration
Joseph A. Sullivan On Assignment from Federal EPA, Region II

HEADQUARTERS: 120 Wall Street, New York, New York 10005

JURISDICTION: City of New York

DATE OF INTERVIEW: August 7, 1974

PEOPLE SERVED: 8,600,000

AREA SERVED: 299.7 sq. mi

NO. OF SOURCES: 800,000 premises each of which have some source. 2000 major sources.
Each piece of equipment which emits air contaminants is a source. Air pollution source is not defined in the New York Air Pollution Control Code.

REVENUE SYSTEM IN EFFECT AND LEGAL AUTHORITY:

A1(S)	Permits to Construct. Sec. 1403.2-7.01, Article 7, Local Law No. 49
A2(F)	Triennial Recertification. Sec. 1403.2-7.03. Same as above
D1(F)	Certification of Instruction. Sec. 1403.2-7.05. Same as above.
D1(V)	Publication Fees. Sec. 1403.2-7.07. Same as above.
E1(S)	Fines & Penalties - Court assessed. Sec. 1403.2-15.25, Article 15 of Local Law No. 49.
E2(F)	Civil Penalties. Sec. 1403.2-15.01, Article 15 of Local Law No. 49 (Imposed by Environmental Control Board)

SCHEDULE OF FEES: See Table 12.

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: New fee systems or change in fee schedules is by legislative action of the City Council.

COLLECTION AND DISPOSITION: All fees collected are deposited to the General Fund without designation. A1 and A2 fees are paid with applications. D1 fees are very small and paid when certificate is received or when billed. E2 fees require legal process to collect.

COLLECTION COSTS: A1 and A2 fees require only the mechanics of receiving the fee and depositing. Less than one person's time is required. The same applies to D1 fees. E1 are collected by courts but E2 present a problem in collections. The report of the Environmental Control Board for the month of June 1974 indicates the costs of assessing and collecting the Civil Penalties for FY 1974 (July 1973 through June 1974) exceed the collections by $256643. Since August 1971 the collections have been only 34% of the imposed penalties and the cumulative total of excess costs over collections is $387391.

GOVERNMENTAL UNITS EXEMPT: No fees or charges are required of any city, state, or federally owned facilities.

BUDGETING WITH RESPECT TO FEES: The operating budget does not include revenues so there is no effect upon operating funds if revenue falls below the estimate.

RETURNS IN TERMS OF POLLUTION CONTROL: The Agency believes there are no enforcement benefits to the A1 and A2 fees. The criminal and civil penalties E1 and E2 are primarily the enforcement tools.

GENERAL COMMENTS: Revenue from the Certification Program (A2) will fluctuate in the several years ahead. The initial certification program will be self liquidating. But since this is a triennal program, the re-certification will not equal the original. The re-certification program is developing. Federal funding is an important part of the financing of the Department of Air Resources. The local funds are simply not adequate to carry out the scientific and technical operations required of the local agency by the federal Clean Air Act.

TABLE 12. NYC DAR Fee Schedule Summary

A1 Permit to Install Equipment other than Fuel Oil Burning Equipment (issued by Department of Buildings)

Fuel Burning Equipment
Basis of Fees. Gross output rating in 1000's of BTU/hr
Fee. $35.00 to $110.00

Refuse Burning Equipment
Basis of Fees. Maximum horizontal inside cross sectional area of primary combustion chamber, sq. ft.
Fee. $50.00 to $300.00

Other than Fuel or Refuse Burning
Basis of Fees. SCFM of gas emitted
Fee. $50.00 to $300.00

Amendment of Application or Alter Equipment
Fee. Excess amount payable for amended or altered equipment over the amount pad for the original permit

Discontinuance of Operation of Refuse Burning Equipment
Fee. $15.00

A2 Operating Certificate or Renewal
Fee. $30.00 paid with application

D1 Administrative Fees

Certificate of Instruction
Fee. $3.00 each certificate

Publications
Fee. Not to exceed unit cost of publication

E2 Civil Penalties (Imposed by Environmental Control Board)
Basis of Penalty. According to type of violation
Penalty. $75.00 to $500.00 with each day of violation being a separate penalty

TABLE 13. NYC DAR SOURCE OF FUNDS FY 74

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	3100	3100	41.3	41.3
FROM STATE TO LOCAL (TAX BASED)	3100	3100	41.3	41.3
FEDERAL GRANT	1300	1300	17.4	17.4
RETAINED FEES				
OTHER				
TOTAL	7500	7500	100	100

TABLE 14. NYC DAR SERVICE REVENUE VS. SERVICE COSTS FY 74

AGENCY SERVICE	SERVICE COST		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	% (1)	$1000	%		$1000	%	%
ADMINISTRATION	1275	17	6.2 420.3	1 33	D1 A1	6.2 330.0	100 32	1 7
ENGINEERING	1350	18	1350	100	A2	230.0		
TECHNICAL (MONITORING)	2175	29						
ENFORCEMENT	2025	27			E2	(256.6) (2)		
OTHER (3)	675	9						
TOTAL	7500	100	1777	24		566.2	32	8

NOTES:

(1) Based on personnel ratio Organization Chart "Staffing by Bureau, July 1974"

(2) Not included in analysis since Environmental Control Board receives and accounts for funds. ECB is not part of the DAR. The ( ) indicate costs of ECB exceeded collections by 256.6 thousand dollars in FY 1974.

(3) Executive 225
EPA Support 150
Noise Abatement 300

E. LAC APCD AGENCY INTERVIEW SUMMARY

AGENCY: LOS ANGELES AIR POLLUTION CONTROL DISTRICT
Robert A. Lunche - Air Pollution Control Officer
Eric E. Lemke - Chief Deputy Air Pollution Control Officer
Sanford M. Weiss - Supervising Engineer III
E. L. Konold - Administrative Deputy

HEADQUARTERS: 434 South San Pedro Street, Los Angeles, California 90013

JURISDICTION: County of Los Angeles

DATE OF INTERVIEW: June 18, 1974

PEOPLE SERVED: 7,000,000

AREA SERVED: 4083 sq. mi.

NO. OF SOURCES: 25,000 Industrial (permit units), 35,000 Service Stations. A source is one "permit unit". A "permit unit" is one process capable of emitting air pollution or one air pollution control device.

REVENUE SYSTEMS IN EFFECT AND LEGAL AUTHORITY:

A1(F)	Filing Fee. RULE 40 EFFECTIVE 1964
A1.1(S)	Permit to Operate. RULE 40 EFFECTIVE 1964
A4(V)	Source Analysis. RULE 43
A8(F)	Hearing Board Variance Procedure, RULE 42
A9(F)	Open Burning. RULE 45
B2(F)	Contractural Services with State Negotiated
D1(V)	Technical Reports. RULE 44

SCHEDULE OF FEES: See Table 15.

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: State Statute permits the Los Angeles County Air Pollution Control Board to revise fees up to the cost of providing the service (Sec. 24267) for those services designated above. To adopt new and different kinds of fees, for example A2 - Reinspection Fees, would require action by the State Legislature.

COLLECTION AND DISPOSITION: A1 Filing Fees paid with application. A1.1 and other Fees are billed requiring payments within 30 days. All fees are deposited directly in Agency fund accounts and become part of the budgeting process.

COLLECTION COSTS: Nominal - very difficult to determine as billing is integrated with all financial operations.

PROBLEMS IN COLLECTION: None. If billings are not paid, operating permit becomes void and source must make new application requiring new filing fee.

GOVERNMENTAL UNITS EXEMPT: State, County and City, and Board of Education facilities are subject to Permit Regulations but do not pay the permit fee. Federal units are not specifically exempt from paying the permit fee. Governmental units do pay for Petition of Variance.

BUDGETING WITH RESPECT TO FEES: Fee Revenues are deposited in the Agency Funds accounts and are an item in the budgeting process. Serious difficulty arises when revenues from permits lag due to business conditions or other reasons not associated with air pollution control activities. For example, the District budgeted $618,000 in revenue for FY 74. Estimate of revenue is $492,000 leaving this account short by $126,000 to be made up be seeking supplemental appropriation or by re-orientation of program to adjust for revenue deficiency. Such financial management problems detract from the main thrust of the agency purpose - control of air pollution by the most productive use of resources.

RETURNS IN TERMS OF POLLUTION CONTROL: The Permit System is the backbone of enforcement. This is the view of the Air Pollution Control Officer. However, funding by revenues cannot go beyond the cost of operating the Permit System.

GENERAL COMMENTS: The agency does regular source re-inspections on an annual basis and would prefer to have a fee system for this required inspection. However, the County legal advisor rules that State Statute prohibits such charges.

An opinion was strongly voiced that determination of fees charged for enforcement and related activities should be a local determination based first upon the impact such systems have on the required and desired air pollution control programs, and second upon the local determination of the distribution of the funding burden between the public who benefits and the sources who cause air contamination. With reference to Federal sharing of the funding, a positive view was taken that federally mandated programs should be federally funded and fee systems should not be looked at to replace federal funds.

Los Angeles County Air Pollution Control District is studying a fee revision schedule to bring charges more in line with present day costs. Note that Rule 40 fees produce 88% of all revenues received, and was adopted in 1964. Since then costs have risen more than $3\frac{1}{2}$ times justifying the consideration. Revisions upward can be made to cover costs of the service by action of the County Air Pollution Control Board. On July 11, 1974, Rule 42 Hearing Board fees were increased from $16.50 filing to one hundred dollars.

Table 15 LAC APCD Fee Schedule Summary

A1 Filing for Authority to Construct
Fee. $40.00 each application

Transfer of Ownership
Fee. $10.00 (provided no change in equipment)

A1.1 Permit to Operate

Schedule 1 Electric Motor Horsepower
Basis of Fee. Total rated motor horsepower connected
Fee. $40.00 to $800.00

Schedule 2 Fuel Burning Equipment
Basis of Fee. BTU/hr input
Fee. $40.00 to $800.00

Schedule 3 Electrical Energy
Basis of Fee. Total KVA rating except electrical motors
Fee. $40.00 to $800.00

Schedule 4 Incinerator
Basis of Fee. Maximum horizontal inside cross sectional area of primary combustion chamber, sq. ft.
Fee. $40.00 to $800.00

Schedule 5 Stationary Container
Basis of Fee. Capacity in gallons
Fee. $40.00 to $800.00

A4 Analysis
Fee. Variable to recover cost of work

A8 Hearing Board Filing
Fee. $100.00 each filing

B2 Contracts
Basis of Fee. Negotiated to recover costs

D1 Technical Reports
Fee. Variable to recover cost of work

A9 Open Burning Permit (Deleted 3/15/73)
Fee. $20.00 each filing

TABLE 16 LAC APCD SOURCE OF FUNDS FY 1974

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	4383.5	4388.5	62	64
FROM STATE TO LOCAL (TAX BASED)	1291.9	1281.9	18	19
FEDERAL GRANT	760.9	573.9	8	9
RETAINED FEES	613.2	492.0	7	7
OTHER (1)	92.5	94.0	1	1
TOTAL	7147.0	6830.3	96	100

NOTES:
(1) State Forecast Contract 24.0
State Air Monitor Contract 40.0
From Other County Departments 30.0

TABLE 17 LAC APCD SERVICE REVENUE VS. SERVICE COSTS FY 1974

AGENCY SERVICE	Note (2) SERVICE COST		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	995	14			A1 &1.1	600	42	8
ENGINEERING	1851	26	1480.8	80	A3 A9	11 3	42 42	1 1
TECHNICAL (MONITORING)	1692	24	64.0(1)	4(1)	B2	64.0(1)	100	1
ENFORCEMENT	2290	32			E1(3)			
OTHER (4)	319	4						
TOTAL	7147	100	1544.8	22		683	44	10

NOTES:
(1) State forecast contract 24,000. State air monitoring contract 40,000. Assumed to cover costs 100%
(2) Service Division costs estimated from ratios of Division personnel to total personnel from organization chart.
(3) Revenue for E1 fines are paid into the general fund of the communities where the case is tried and therefore is not included in the total revenues of the District. Total E1 fines collected in FY 74 were $146,500.
(4) Planning and Evaluation

F. BA APCD AGENCY INTERVIEW SUMMARY

AGENCY: BAY AREA AIR POLLUTION CONTROL DISTRICT (Region of the State of California)
M. Feldstein, Deputy Air Pollution Control Officer
D. H. Monaghan, Asst. Controller
J. Talbot, Chief Permit Service
T. Story, Chief Special Services

HEADQUARTERS: 939 Ellis Street, San Francisco, California 94109

JURISDICTION: All of seven counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Nappa, and portions of two counties southwestern Solano, and southern Sonoma.

DATE OF INTERVIEW: June 24, 1974

PEOPLE SERVED: 4,775,000

AREA SERVED: 5,600 sq. mi.

NO. OF SOURCES: Estimated 40,000 plus registration of service stations which will add an estimated 30,000 sources. A source operation means the last operation preceding the emission of an air contaminant, which operation (a) results in the separation of an air contaminant from the process materials or in the conversion of the process materials into air contaminants, as in the case of combustion of fuel; and (b) is not an air pollution abatement operation. (Reg. 2, par 2031)

REVENUE SYSTEMS IN EFFECT AND LEGAL AUTHORITY:

A8(S)	Application for Variance. Hearing Board Rules, Article 6, Rule 6.4
B1(V)	Earmarked Taxes. Section 24370.1, Article 14, Chapter 2.5 of Division 20 of the Health and Safety Code, known as the Bay Area Air Pollution Control Law
B2(V)	Contractual Service with State
D1(V)	Charges for technical work performed for others. APC Board Resolution 779
E2(S)	Fines and Forfeiture - Article 13.6 of the same chapter as B1 above. And Chapter 6, Part 1, Division 26, Health and Safety Code, Powers and Duties.

SCHEDULE OF FEES: See Table 18

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: A8 Variance application fees are established by the Board of Directors. Other fees are established by program requirements to produce revenue to cover cost of service. E2 forfeitures are set by legislation.

COLLECTION AND DISPOSITION: All revenues are retained by the Agency and become part of the budget process.

COLLECTION COSTS: Nominal. Part of overall business management. Separation of costs not available.

PROBLEMS IN COLLECTION: None. There are no uncollected fees outstanding.

GOVERNMENTAL UNITS EXEMPT: All state and local government units are exempt from Application for Variance fees (A8).

BUDGETING WITH RESPECT TO FEES: This is no problem since revenue from retained fees is a small part of the overall funding (about 3% of FY 1974 budget). Since the District recenves and retains all revenues, a fund balance is available to help finance the coming year.

RETURNS IN TERM OF POLLUTION CONTROL: The present revenue systems have no effect on pollution control except the usual restraints by fines and forfeitures for violations.

GENERAL COMMENTS: While legislation has been introduced to authorize permit and re-inspection fees, the Bay Area Air Pollution Control District at this time has taken no position in support of or opposition to the measure. The District may be inclined to support the measure. The Deputy Director expressed the view that reasonable fees charged for inspections would add a certain degree of status to the permit and inspection regulations, and would aid enforcement. The reaction of source managers to the proposed permit and inspection fee legislation is not known. Such reaction will be revealed at the time of public hearings on the bill. If the legislature adopts the permit and inspection fee measure, revenues should be used to fund increasing costs and not replace federal funding which should be maintained or increased to provide for increasing federal requirement as in the case of indirect source regulations which may add materially to the Bay Area budget.

TABLE 18. BA APCD Fee Schedule Summary

A8 Variance Filing
Basis of Fee. Each application for a variance from any regulation
Fee. $500.00 plus
$100.00 for each additional point included in the application, plus
$250.00 for each one-half day of hearing in addition to the first day

Accusation by any person other than the APCO
Fee. $25.00

Application for Hearing under Health and Safety Code 24369.1
Fee. $25.00

NOTE: Public agencies qualifying under Government Code Section 6103 are exempt from paying filing fees.

B1 Assessment to Counties
Basis of Fee. The amount of money needed by the district but not exceeding two cents ($0.02) on each $100 of assessed value of all property included in the district and shall be apportioned to the counties, one-half according to the relative assessed value of property on the secured roll of each county within the District and one-half in the proportion that the population of each county bears to the total population of the District. The assessment for Fiscal 75 (7/1/74 to 6/30/75) is determined by the $0.0175 per $100 which is the same level as in the past two years.

B2 Contracts
Fee. Negotiated to recover costs

D1 Technical Work Charges
Fee. Variable to recover costs

E2 Civil Penalties
Penalties. Range from $6000 to $500 depending upon section violated and each day constitutes a separate offense. Sec. 39260 Chapter 6, Part 1, Division 26. Section 24369 of Article 13.6 provides a forfeiture of up to $500.00 for a violation of Reg. No. 2 unless a trial for such action is held in which case the court may assess up to $5000 forfeiture.

TABLE 19.BA APCD SOURCE OF FUNDS FY 1974

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	2763	(B1) 2768	52	53
FROM STATE TO LOCAL (TAX BASED)	1079	1079	21	21
FEDERAL GRANT	500(1)	385(1)	7	8
RETAINED FEES	174	174	3	3
OTHER (3)	776(2)	776	15	15
TOTAL	5297	5182	98	100

NOTES:
(1) Federal Grant approved and budgeted $500.000 while revenue realized was $385,000.
(2) Interest Earned $171,000. Rental Income $142,000.
(3) Income Not Relative to Service 313 313
Fund Balance Available 463 463

TABLE 20. BA APCD SERVICE REVENUE VS. SERVICE COSTS FY 74

AGENCY SERVICE	SERVICE COST		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	1033	21						
ENGINEERING	511	10						
TECHNICAL (MONITORING)	1445	28	62	4(2)	B2 D1	59 3	100(2)	1
ENFORCEMENT	1768	34	1850(1)	100(1)	E2	101	5	2
OTHER (3)	641	7	40	100	A8	11	27	1
TOTAL	5146	100	1952	37		174	9	3

NOTES:
(1) Include Legal with Enforcement.
(2) Assume contracts B2 and billed service (D1) costs are fully recovered by charges.
(3) Hearing Board 40
Advisory Council 13
Board of Directors 47
Legal Council 82
Public Information 152

G. PS APCA AGENCY INTERVIEW SUMMARY

AGENCY Puget Sound Air Pollution Control Agency
A. R. Dammkoehler, Air Pollution Control Officer
James R. Pearson, Sr. Air Pollution Engineer

HEADQUARTERS 410 West Harrison Street, Seattle, Washington 98119

JURISDICTION Four Counties King (Seattle), Kitsap, Pierce (Tacoma), and Snohomish (Everett)

DATE OF INTERVIEW: July 2, 1974

PEOPLE SERVED: 1,918,300

AREA SERVED: 6300 sq. mi.

NO. OF SOURCES: 2011 (350 sources more than 10t/yr of anyone contaminant)

DEFINITION OF SOURCE: The term 'source' is used in Sec. 6.03 Reg 1, but is not defined as such in Reg 1. The designation used is a 'Notice of Construction'. Each piece of equipment must have a 'notice' but more than one piece of similar equipment (the process and the control device) constructed at the same premise at the same time can be included in one 'notice'. Boilers which are always a separate piece of equipment for fee determination.

REVENUE SYSTEMS IN EFFECT AND LEGAL AUTHORITY:

A1 Filing Fees (F) Notice of Construction (S)
Board of Directors Resolution No 214, October 10, 1973 and Article 6 of Regulation 1.

A8(F) Application for Variance. Section 7.02, Article 7 of Regulation 1

A9(F) Open Burning Verification Fee. Section 902A Article 9 of Regulation 1

B1 Earmarked Tax Based Charges. Washington State Clean Air Act (Effective June 8, 1967) Section 70.94.093.

C1 Registration Fees were authorized by legislation but were not authorized by Board of Directors because when fees became authorized registration of sources was nearly completed so the revenue from the system was insignificant

Fees for Indirect Source Registration have been authorized by State Legislation but Authority to Charge has not yet been instituted by the Board of Directors as the Indirect Source Registration Regulations are just now under development.

D1(V) Charges for Technical Information, RWC State Code, Chapter 4, Article 42.17 .

E1 Fines and Penalties (criminal) Sec 3.25, Article 3, Regulation 1

E2 Civil Penalty. Sec 3.29, Article 3, Regulation No. 1

SCHEDULE OF FEES: See Table 21.

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: New revenue systems require new authority by action of the State Legislature. Authorized fees, as in the case of Permit Fees (A1) can be changed, up to the cost of the service performed.

COLLECTION AND DISPOSITION:

A1 Fee is billed but will not issue permit until Fee is paid. Some fees are sent in with application

A8 Fee is received with application

A9 Just beginning but same as A8

B1 Budget is approved by Board of Directors and assessment is apportioned by population. When budget and assessment is determined, bills are rendered to political entities. Payments are made at different times by the different entities and collection has been no problem.

D1 Billing mechanism has not yet been determined as charges are just beginning. This will be a very small amount of revenue and numbers of billings will be small. The normal development will probably provide for payment method at the time the service is agreed to. Will only recover cost of service rendered.

E1 Very seldom used. Any fines as result of court action are retained by the jurisdiction where the case is heard.

E2 Civil penalties are assessed by letter notice from the Control Officer to the violator. Thirty days are allowed for payment or appeal. Appeal is to the Pollution Control Hearing Board (State of Washington). Assessments neither paid nor appealed are filed for payment in the Superior Court of the County in which the violation occurred.

All revenues except E1 Fines are retained by the Puget Sound APCA agency without designation to the program involved. An accounting is made separately of Civil Penalties assessed (E2) and legal costs of collection are charged against penalties assessed. The amount of E2 revenue is the total assessments collected less the legal cost of collection.

COLLECTION COSTS: For all except E1 the costs are nomimal, less than one person's time. With respect to E2 penalties assessed, the costs of collection are significant. For the calendar year the following data are given:

(a)	Civil Penalties Assessed	$100,600.
(b)	Civil Penalties Paid	71,386
(c)	Legal costs of collection	27,967
(d)	Net revenue	43,419

Legal costs are 28% of penalties assessed and 39% of the penalties paid. Collections are 71% of penalties assessed and net revenue is 43% of the penalties assessed.

PROBLEMS IN COLLECTION: Problems arise primarily with federal and some state facilities. State facilities are expected to pay. It is believed collections will be attained. The federal payments are yet to be resolved.

GOVERNMENT UNITS EXEMPT: None. However, difficulty is being experienced in making collections from federal facilities. Fro state, see above.

BUDGETING WITH RESPECT TO FEES: Fee Revenues are deposited in the agency accounts and are part of the budgeting process. However, in essence B2 Revenues are tax based. The fees from Permits, (A1) Variances (A8) and Civil Penalties (E2) form only slightly over 8% of the budget requirements. Any deficiencies in collection would be made up from reserves.

The real point at issue is to fund the <u>increasing</u> costs of the Puget Sound APCA while <u>state</u> and <u>federal</u> <u>funding</u> support remain at the same level or decrease.

RETURNS IN TERMS OF POLLUTION CONTROL: No siginificant change in the enforcement results was observed after fee system was inaugurated. The Civil Penalty (E2) assessments are considered to be a good enforcement tool.

GENERAL COMMENTS: The Control Officer has given some consideration to proposing a surveillance fee based upon effluent discharge as one mechanism to shift the burden from the 'per capita' assessment directly to pollution sources. With this method of funding revenue would decrease as emissions are reduced necessitating a periodic review and adjustment of the schedule.

As a matter of principle, the agency would prefer not to rely on federal funding but as a matter of practical political consideration federal and state funding must be maintained while he is seeking increased local revenues from whatever source to meet the increasing financial needs of the Agency. It is believed that greatly increasing fees by legislative action to fund a combination of increasing costs and a possible reduction in federal support is simply 'out of the question' at the present time.

TABLE 21 PS APCA Fee Schedule Summary

A1 Application for a Notice of Construction
Fee. $25.00 for each filing plus the following schedule

Fuel Burning Equipment
Basis of Fee. Million BTU/hr input (design)
Fee. $15.00 to $150.00

Control Equipment or Uncontrolled Process
Basis of Fee. SCFM from equipment or process.
Fee. $50.00 to $250.00

Refuse Burning
Basis of Fee. Primary chamber area, sq. ft.
Fee. $50.00 to $100.00

Storage Tanks
Basis of Fee. Capacity in gallons
Fee. $50.00 to $250.00

Other than classified above
Fee. $50.00 per application

A8 Variance
Fee. $20.00 Residential burning
$35.00 Other burning
$75.00 All other applications

A9 Open Burning Verification
Fee. $15.00

B1 Earmarked Taxes
Basis of Fee. Budget and assessment approved by the Board of Directors
Fee. 12.4¢ per capita FY 74, increasing to 14.4¢ per capita FY 75

D1 Technical Information
Fee. Variable to cover cost

E2 Civil Penalties
Basis of Fee. A schedule depending upon the seriousness of the violation approved by Board of Directors
Fee. Not to exceed $250.00 per day for each violation

TABLE 22. PS APCA SOURCE OF FUNDS FY 74

	BUDGET (2)	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED (B1)	251.0	251.0	28	26
FROM STATE TO LOCAL (TAX BASED)	250.0	250.0	27	26
FEDERAL GRANT	395.0	395.0	43	40
RETAINED FEES	16.0	77.0 (1)	8	8
OTHER (3)	.8			
TOTAL	912.8	973.0	106	100

NOTES:
(1) Revenue was 77 thousand vs. estimated 16 thousand dollars.
(2) From PS APCA budget work sheet, income budget source of funds FY 1974.
(3) Carry Over from Previous year.

TABLE 23. PS APCA SERVICE REVENUE VS. SERVICE COSTS FY 74

AGENCY SERVICE	SERVICE COST (1)		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	165.0	18						
ENGINEERING	161.3	18	161.3	100 (2)	A1	30.0	18	3
TECHNICAL (MONITORING)	253.6	28						
ENFORCEMENT	316.1	34	316.1	100	A8 E2	3.6 43.4	1 14	1 4
OTHER (3)	16.8	2						
TOTAL	912.8	100	477.4	52		77.0	16	8

NOTES:
(1) From PS APCA budget work sheets, expense budget FY 1974.
(2) 100% was assumed when an estimate was not given.
(3) Public Relations

H. ORE AQCD AGENCY INTERVIEW SUMMARY

AGENCY: OREGON, STATE OF., AIR QUALITY CONTROL DIVISION, DEPARTMENT OF ENVIRONMENTAL QUALITY
Wayne Hanson, Asst. Director of DEQ, Air Quality Control. Division
Harold M. Patterson, Administrator, Air Quality Control Division
John Vlastelicia, Federal EPA Region X assigned to State of Oregon

HEADQUARTERS: 1234 S.W. Morrison Street, Portland, Oregon 97205

JURISDICTION: Entire State of Oregon. Note: Two local authorities, Mid-Willamette Valley APCA (in the N.W. Region) and the Lane Regional APCA operate as entities and conduct their own programs (issue permits) within the framework of the State Program.

DATE OF INTERVIEW: June 28, 1974

PEOPLE SERVED: 1,700,000 (State population of 2,500,000 less 800,000 in the two independent districts).

AREA SERVED: 88,400 sq. mi. (State area of 98,148 sq. mi. less 10% of area within the two independent districts).

NO. OF SOURCES: Estimated to be 6000 (does not include an estimated 1000 sources in the two independent districts).

A 'source' is a facility listed in Table A, Chapter 340, of the Rules of the Department of Environmental Quality, by SIC Classification or any other source not so listed which emits 10 tons or more per year of air contaminants or which emit malodorous substances.

REVENUE SYSTEMS IN EFFECT AND LEGAL AUTHORITY:

A1(F) Filing Fee
A1.1(S) Application investigation and permit issuing or denying fee
A2(S) Annual permit compliance determination fee
Legal authority for above is Sec. 20.033.02 through Sec. 20.033.20, Ch. 340 Oregon Administrative Rules Compilation, adopted by D.E.Q., December 17, 1973, effective, January 11, 1974. Rules are adopted by authority contained in State Law ORS 449.733.

E2 Civil Penalties. Sec. 12-015, Ch. 340

SCHEDULE OF FEES: See Table 24

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: New revenue systems can only be adopted by the Oregon State Legislature. ORS 449.733 authorizes D.E.Q. to establish the schedule of fees based upon anticipated costs including administrative, investigative and inspection to determine compliance or non-compliance with the permit.

COLLECTION AND DISPOSITION: Payment of the fee is required with the application for A1 and A1.1 fees. For A2 Annual data and reports and fees are required

at the same time. Fees are deposited to the State General Fund and are designated for the Agency activity. E1 fines go to county where cases are heard. E2 penalties go to the general fund without credit to the agency.

COLLECTION COSTS: Nominal as fees accompany application.

PROBLEM IN COLLECTION: While fees are collected for 100% of the applications, the administrative nuisance is great. Small facilities send applications and fees to wrong location and it is difficult to trace. Since applications are from state-wide locations where distances from issuing center are considerable, the difficulties are compounded.

GOVERNMENTAL UNITS EXEMPT: While not exempt by Oregon Law, the Federal Establishments do not pay the fees. State and local facilities pay the fees. Schools complain about 'double taxation' and are reluctant, but eventually pay.

BUDGETING WITH RESPECT TO FEES: Anticipated fees to be collected are part of the budgeting process and budget difficulties have been considerable because of over optimistic estimates. The State Fiscal Officer set an unrealistic estimate of revenue from fees for FY 1975. This may reflect a desire to shift the burden from general tax based funds to specialized revenue sources as the Permit Fee Program. Revenues from fees are fixed by the D.E.Q. schedule. The lower than predicted level of activity thus results in deficit of funds needed to carry on the budgeted program.

RETURNS IN TERMS OF POLLUTION CONTROL: The view was expressed that there are no benefits in pollution emission reduction from the operation of the fee system.

GENERAL COMMENTS: The collection of the fee has been a source of some problems for the Air Quality Control Division particularly because of the budgeting process. In the face of the deficit from revenue needed positions cannot be filled. As the program progresses smaller sources are to be dealt with and more complaints about the fee charges are expected. The air quality control program would be a much more direct program if they were not required to charge fees. A number of administrative questions would be avoided. Given a free choice this Agency management would favor the permit system without charging fees.

TABLE 24 ORE AQCD Fee Schedule Summary

A1 Permit Filing
Fee. $25.00 non-refundable

A1.1 Application Investigation and Permit Issuing or Denying
Basis of Fee. Estimated cost of processing application, scheduled according to Standard Industrial Classification (SIC) number
Fee. $25.00 to $450.00

A2 Annual Permit Compliance Determination
Basis of Fee. Same As A1.1
Fee. $25.00 to $350.00

NOTE applying to A1.1 and A2: The fee applies to one SIC source at one plant site except for multiple fuel burning devices where the fee is determined by increasing the unit fee by 20%. (The fee of one unit of fuel burning equipment plus 20% is the fee for the multiple fuel burning unit application).

E2 Civil Penalties
Basis of Penalty. A schedule according to the severity of the violation and history of occurrences
Penalty. $25.00 to $500.00 for each violation for each day

TABLE 25 ORE DEC SOURCE OF FUNDS FY 74

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	726.1	726.1	43	52
FROM STATE TO LOCAL (TAX BASED)				
FEDERAL GRANT	570.2	570.2	34	41
RETAINED FEES	384.8 (2)	90.0 (3)	5	7
OTHER (1)	(530.3)			
TOTAL	1681.1	1386.3	82	100

Notes:

(1) Mobile Source Control is a new program to be wholly supported by fees beginning July 1, 1975. This item is not included in the total figures. During FY 75 the program is tax supported.

(2) This is a Legislative Fiscal Office estimate from DEC, Federal Grant 1974-75, A.Q. Division Summary. The A.Q. Staff believes $90,000 is a more realistic estimate.

(3) The 90,000 estimate for FY 1975 comes from the estimate of revenues for the 1973-75 beinnium originally set at 156,000 and 90,000 is 58% of the biennium estimate. Recent estimate of biennium revenues from fees is placed at 100,000 so the FY 1975 revenues will be considerably less than 90,000.

TABLE 26. ORE DEC. SERVICE REVENUE VS. SERVICE COSTS FY 74

AGENCY SERVICE	SERVICE COST		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	273.0	16			A1			
ENGINEERING	Included in Administration		136.5	50(1)	A1.1 A2	90(2)	66	5
TECHNICAL (MONITORING)	282.0	17						
ENFORCEMENT (5)	887.6	53			E2(3)			
OTHER (6)	768.8(4)							
TOTAL	1681.1	100	136.5	8		90	66	5

NOTES:

(1) Based upon other agencies studied, it is assumed that Administration and Engineering have approx. the same cost. On this basis Engineering related to revenue is 50% of the above Administration Service Cost total.

(2) Revenues from Permit Applications and Annual Compliances Determinations are grouped by the A.Q. Staff and estimated to be $90,000 for FY 75. This is well below the $384,800 revenue specified by state budget people necessary to support new positions and capital outlay. Since this is a new program there are no actual collection data.

(3) Not credited to agency funds and not figured in budget procedures

(4) FY 75 is a tooling up period for this service so it is not included in the Service Cost Total. Beginning July 1, 1975 this service is to be self supporting through fees charged for inspections.

(5) Point Source 613.8
Area Source 233.9 Col. 1
Enforcement Headquarters 39.9

(6) Planning & Registration 238.5
Mobile Source Control (530.3) (4)

H. WIS APSW AGENCY INTERVIEW SUMMARY

AGENCY: WISCONSIN, STATE OF. BUREAU OF AIR POLLUTION AND SOLID WASTE DISPOSAL: DIVISION OF ENVIRONMENTAL PROTECTION, DEPARTMENT OF NATURAL RESOURCES
William T. Rock, Engineer

HEADQUARTERS: 4610 University Avenue, Madison, Wisconsin 53701

JURISDICTION: State of Wisconsin

DATE OF INTERVIEW: July 19, 1974

PEOPLE SERVED: 4,400,000

AREA SERVED: 54,464 sq. mi.

NO. OF SOURCES: 1200 (facilities)

A source is the same as a facility. A facility is one installation, plant or premises at one location having contiguous property and containing one or more point sources. For example a boiler plant containing three boilers connected to a single chimney would be one facility or one source.

REVENUE SYSTEMS IN EFFECT AND LEGAL AUTHORITY:

A3(F&S) Annual monitoring fee for effluents to be paid by persons required to report. Chapter NR 101, Sec NR 101.75. Effective February 1, 1973.

E1 Fines & Penalties - Court assessed. Sec NR 101.76 of the above and Sec NR 154.08 of Chapter NR 154.

RETURNS IN TERMS OF POLLUTION CONTROL: There are no direct enforcement benefits except that the fee system may focus attention on emission quantities. The charges are not high enough to stir reduction for benefit of saving annual charges. The system was not designed to influence emission reductions nor is it considered as a license to pollute. The purpose was to shift some burden from tax based funds. The fee system does indirectly focus on the emission inventory and tends to increase the accuracy of the inventory through review of emissions with each billing.

AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES: Revisions to NR 101 Fees can be accomplished by administrative action following public hearing. Process involves Advisory Board review, then decision by a hearing examiner employed by Department Natural Resources. Decisions are subject to legislative review.

COLLECTION AND DISPOSITION: Collection is by billing due in 30 days. Revenues are deposited to the General Fund without designation.

COLLECTION COSTS: The system of billing is integrated into the emission inventory and source control computer file. The cost of developing the billing system was $14,000. Annual operating (billing and collection) costs are estimated at $6000 per year.

PROBLEMS IN COLLECTION: The system was adopted February 1, 1973, and 1973 calendar year emissions data acquisition began shortly after January 1, 1974. Completed all air emission billings May 6, 1974. All bills were distributed on May 6, 1974. About 800 facilities, 50% for water only and 50% for air and/or water. From 400 billings, complaints were received from 60 facilities. About 30 billings have been revised on basis of fact. It is estimated that zero billings will wind up in litigation.

GOVERNMENTAL UNITS EXEMPT: Municipal and Boards of Education facilities are exempt from paying the fee. State facilities are not exempt. Federal facilities are not exempt but are not paying the billings and will not be pushed for payment.

BUDGETING WITH RESPECT TO FEES: Fees collected are not part of the budgeting process so there are no problems created by over-estimating revenues.

GENERAL COMMENTS: The Agency is studying two aspects of revenue from Agency operation. Some consideration is being given to recovering a higher percentage of monitoring costs through a revision of the fee schedule. It is noted that only % of the monitoring and administrative costs related to monitoring are recovered by the present A3 schedule of charges. Time estimated to complete administrative hearings on such proposal is 6 months to 1 year.

Some study has been given to the E2 Civil Penalty assessment against violators as an aid to enforcement. State legislative action would be required for adoption with a minimum time required as 1 year from introduction of legislation. Strong resistance to such legislation would be expected from regulated sources.

TABLE 27

SCHEDULE OF FEES

A3 For each person required to report, either for liquid effluent or air emissions, an administrative fee of $50.00 is charged. In addition to the above, an emission charge is made:

1. NR 101.53 establishes a reporting level of .25 tons per day of operation for each of the six primary pollutants or a yearly reporting level of 50 tons per year. The pollutants are: Particulates, Sulfur Dioxide, Nitrogen Oxides, Carbon Monoxide, Hydrocarbons, Oxidants. For each required reporting source a fee of $0.20 per ton per year per pollutant is charged with a minimum charge of $10.00 for each substance.

2. For Table II NR 101.52 listed toxic or hazardous substance where emission exceeds quantities found in Table II a report shall be filed. The cost factor for the reporting fee will be determined for each listed toxic substance by dividing $50.00 by the emission reporting level in lbs/day. This cost factor multiplied by the daily output of each substance will yield the annual surveillance fee for air emissions for each substance. The minimum charge is $50.00 for each substance requiring reporting.

The total monitoring fee is the administrative fee plus the sum of all additional fees provided no person shall be charged a monitoring fee totaling more than $10,000 annually.

Note: A provision is made for charging for odor emissions but no mechanism is yet found to accomplish such charges.

E1 Violators of reporting requirements shall be fined not less than $200 nor more than $10,000 foe each offense. Violators of emission regulations or orders may be assessed fines not les than $10 nor more than $5000.

TABLE 28 WIS AP&SWD SOURCE OF FUNDS FY 74

	BUDGET	INCOME	BUDGET	INCOME
	$1000	$1000	%	%
GENERAL TAX BASED	721	721	51	51
FROM STATE TO LOCAL (TAX BASED)				
FEDERAL GRANT	699	699	49	49
RETAINED FEES				
OTHER				
TOTAL	1420	1420	100	100

TABLE 29. WIS AP&SWD SERVICE REVENUE VS SERVICE COSTS

AGENCY SERVICE	SERVICE COST		REVENUE RELATED SERVICE COST		SERVICE REVENUE			
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
TITLE	COST	AGENCY BUDGET	COST	SERVICE COST	REVENUE CLASS	REVENUE	REV REL SERVICE COST	AGENCY BUDGET
	$1000	%	$1000	%		$1000	%	%
ADMINISTRATION	117	8	2	53 (2)	A3	17	27 (2)	1
ENGINEERING	Included in Enforcement							
TECHNICAL (MONITORING)	759	54	759	100	A3	195	26	14
ENFORCEMENT	372	26						
OTHER (4)	172	12						
TOTAL	1420	100	861 (1)	58		212 (1)	26	15

NOTES:

(1) Enforcement is not included in Total Service Cost, Revenue Related because of the small amount of revenue from E1.

(2) The % of Service Cost related to Service Revenue was not available nor was the personnel distribution. The next best allocation method was chose, the ratio of Monitoring Costs to Total Costs. 759./0420 x 117=62. Allocate 62,000 or 52% of the total Administrative Cost to A3 Revenue. From interview comments this is a high figure but it is the only one which has some basis for estimating.

(3) Calendar data were used for Service Revenue since one full year could be included. FY 74 revenues would be nearly the same.

(4) Air Regulation Management

TABLE 30 AGENCY DATA

	St.L DAPC	PHILA AMS	CHI DEC	NYC DAR	LAC APCD	BA APCD	PS APCA	ORE AQCD	WIS APSW
TIME PERIOD	FY 74	FY 74	1973	FY 74	FY 74	FY 74	FY 74	FY 75	FY 74
AGENCY BUDGET ($1000)	589	1458	2947	7500	7147	5146	913	1681.	1420
TOTAL SERVICE REVENUE ($1000)	72	94	590	566	683	174	77	90	212
TOTAL SERVICE REVENUE AS % OF AGENCY BUDGET (%)	12	6	20	8	10	3	8	5	15
PEOPLE SERVED (1000)	622	1950	3550	8600	7000	4775	1918	1700	4400
AREA SERVED (SQ. MI.)	61	129	227	300	4083	5600	6300	88400	54464
NO. OF SOURCES (2)	739	13100	45500	800000 (4)	60000 (3)	70000 (3)	2011	6000	1200

NOTES:

(1) FY 75 (71/174 to 6/30/75) is used with estimates as fee system began Jan. 11, 1974.

(2) Source definition and usage varies greatly from one agency to another. See Agency Interview Summary for source definition.

(3) Includes gasoline stations.

(4) These are buildings on premises which have one or more sources. New York State DAR estimates 2100 major sources in New York City.

TABLE 31 AGENCY DATA SOURCES OF INCOME

SOURCE OF FUNDS		St.L DAPC	PHILA AMS	CHI DEC	NYC DAR	LAC APCD	BA APCD	PS APCA	ORE AQCD	WIS AP&SWD
GENERAL TAX BASED FUNDS	$1000	299	749.4	2177	3100	4388.5	2768(2)	251(5)	726.1	721
	%	50	51	74	41.3	64	53	26	52	51
SUBVENTION FROM STATE	$1000				3100	1281.9	1079	250		
	%				41.3	19	21	26		
FEDERAL GRANT	$1000	299	708.8	770	1300	573.9(1)	385(3)	395	570.2	699
	%	50	40	26	17.4	9	8	40	41	49
RETAINED FEES	$1000					492	174	77(6)	90(7)	
	%					7	3	8	7	
OTHER	$1000					94	776(4)			
	%					1	15			
TOTAL INCOME	$1000	598	1458.2	2947	7500	6830.3	5182	937	1386.3	1420
	%	100	100	100	100	100	100	100	100	100
BUDGET	$1000	598	1458.2	2947	7500	7147.0	5297	912.8	1681.1	1420
INCOME/BUDGET	%	100	100	100	100	96(1)	98(3)	106(6)	82(7)	100

NOTES:

(1) Federal Grant was budgeted at the award amount of $760,900 of which $573,900 was received.

(2) These are BI Earmarked taxes paid by member counties according to budget requirements. FY 74 rate was $0.0175 per $100 property valuation. The statutory limit is $0.02 per $100 valuation.

(3) Federal Grant was budgeted at the award amount of $500,000 of which $385,000 was received.

(4) Other income is not related to Service: Interest earned $171,000, rental income $142,000, and fund balance available $463,000.

(5) These are BI assessment funds apportioned to member counties at a rate of 12.4¢ per capita.

(6) Retained fees was budgeted for $16,000 and revenues were $77,000.

(7) Revenue from Fees was established by State Fiscal Officer at $384,800 whereas experience to date shows that revenues will amount to approximately $90,000.

TABLE 32. SERVICE REVENUE RELATED TO UNITS OF ACTIVITY

		St.L APCD	PHILA AMS	CHI DEC	NYC DAR	LAC APCD	[illegible]	PS APCA	ORE AQCD	WIS APSWD
A1	$1000	68.8	8.2	169	330	600		30	90	
	UNITS	4800	251	4494	N/A	4500		206	480	
	$/UNIT	14.3	33	38	(3)	133.3		146	188	
A1.1	$1000	3	2.5			Inc.			Inc.	
	UNITS	100	582			In			In	
	$/UNIT	30	4.3			A1			A1	
A2	$1000		83.2	421	230				Inc.	
	UNITS		2221	35727	N/A				In	
	$/UNIT		37	12	(3)				A1	
A3	$1000									212
	UNITS									400
	$/UNIT									530
A5	$1000					11	11	3.6		
	UNITS					800	23	30		
	$/UNIT					13.8	478	120		
A9	$1000					8				
	UNITS					900				
	$/UNIT					8.9				
B2	$1000					64	59			
	UNITS					3	2			
	$/UNIT					21330	29500			
D1	$1000				6.2		3			
	UNITS				N/A		N/A			
	$/UNIT									
E2	$1000						101	43.4		
	UNITS						N/A	N/A		
	$/UNIT									
TOTAL SERVICE REVENUE	$1000	72.2[2]	93.9	590	566.2	683	174	77.	90	212
E2[5]	$1000				(4) (256.3)				2.5	
E1[5]	$1000	N/A	13.3	111	NEG	146.5	NEG	NEG	NEG	NEG
	UNITS		174							
B1	$1000						2768	251		
	UNITS						$0.0175 $100 val	12.4¢ capita		

NOTES:

(1) Units - 1 unit is 1 permit or 1 application or 1 variance application, etc. It is not units of equipment, and is not the same for all agencies.

(2) St.L DAPC issued 14 Solid Fuel Dealer's licenses in FY74 with revenue of $400. Since this is the only agency to issue such licenses, A6 was omitted from Table 32.

(3) N/A data not available

(4) Excess of costs over collections, assessed by Environmental Control Board.

(5) E2 and E1 Penalties which are not part of the budgeting process.

TABLE 33 SERVICE REVENUE RELATED TO SERVICE COST AND AGENCY BUDGET

		St.L DAPC	PHILA AMS	CHI DEC	NYC DAR	LAC APCD	BA APCD	PS APCA	ORE AQCD	WIS APSWD
A1	$1000	68.8	8.2	169	330	600		30	90	
	%	44	60	64	32	42		18	66	
A1.1	$1000	3.0	2.5			Included in			Included in	
	%	44	60			above			above	
A2	$1000		83.2	421	230				Included in	
	%		60	36	32				above	
A3	$1000									212
	%									26
A8	$1000					11	11	3.6		
	%					42	27	1		
A9	$1000					8				
	%					42				
B2	$1000					64	59			
	%					100	100			
D1	$1000				6.2		3			
	%				100		100			
E2	$1000						101	43.4		
	%						5	14		
TOTAL SERVICE REVENUE	$1000	72.2[1]	93.9	590	566.2	683	174	77	90	212
TOTAL SERVICE REV. / TOTAL SERVICE COST x100	%	44	60	41	32	44	10	16	66	26
TOTAL SERVICE COST	$1000	165.9	156.5	1423	1770	1545	1952	477.1	136	821
TOTAL SER. REV. / AGENCY BUDGET x100	%	12	6	20	8	10	3	8	5	15
AGENCY BUDGET	$1000	598	1458.2	2947	7500	7147	5146	912.8	1681.1	1420

NOTES:

(1) StL DAPC has $400 revenue from issuing 14 Solid Fuel Dealer's Licenses (A6). Since this is the only agency, and it is such a minor item, it is carried as a footnote rather than in the Table.

V SUMMATION OF DATA

A. DATA TABLES

The Data are summarized in four Tables each table containing notes of explanation:

Table 30 shows total agency budget and revenues along with agency parameters of people served, area, and number of sources.

Table 31 shows sources of income and percent of total income for each source. Total Budgeted funds are also shown which are then compared to total Income.

Table 32 shows sources of revenue from each fee system for each agency. Indicated on the table are the units associated with the revenue and and average $ per unit calculated. It is important to note that the units for each agency are not the same. Each revenue system dictates the definition of units to be included. Shown also are the revenues from fines and penalties (E1 and E2) and the revenue assessments, tax based (B1)

Table 33 shows the service revenue related to the service cost and to the total agency budgeted costs. The service division costs of the agencies related to the service activity was the most difficult to attain and at best is an approximation from other parameters. The difficulty stems from

(a) several service divisions being involved in a revenue system
(b) one service division being partially involved in one revenue system
(c) one service division being partially involved in more than one revenue activity.

Mainly the Service Division costs were calculated from personnel or man-year effort distribution and estimates furnished during the interview.

B. DATA ANALYSIS

1. Agency Data (Table 30)

Agency budgets and service revenue data are 'hard' figures but much of the service cost and the percent of the service cost to the service revenue activity are estimates. Breakdowns from the totals to the divisional figures were not available from the agencies and so they were generally estimates calculated from personnel assignment schedules or man-years of effort or other management data. The percent of effort of a division related to the revenue service cost was in all cases an opinion drawn from the interview. Where the effort was not known, the entire service division cost was used in the analysis.

Budgets varied from a high of $7,500,000 for NYC DAR to a low of $598,000 for StL DAPC. The average budget is meaningless because of the extreme range of the jurisdiction size, population ranging from 8.6 million to just over 600 thousand. A factor which stands out (not related to the fee study) is people concentration which dictates the seriousness of the problem. NYC is the most concentrated with 28.7 thousand people per square mile compared to Oregon with 19.2 people per square mile.

The number of sources also is a measure of the program requirements. In NYC there are 2662 sources per square mile compared to Oregon with .07 and Wisconsin with .02 sources per square mile. Offsetting the concentration of people and sources is the physical distances involved, NYC having 300 square miles vs. Oregon of 88,400 square miles.

The above are just some of the considerations in assessing the costs of the required air pollution control program. The data regarding number of sources is particularly 'soft' as 'sources' have a different definition for each agency, but it does indicate the concentration vs. the spread of emission points which is a very important parameter in the analysis of air quality results vs. emissions per source, and the setting of emission regulations to achieve air quality standards.

2. Funding Sources (Table 31)

Sources of operating funds was rather straight-forward in definition but varied for the jurisdictions of study. Table 34 gives averages and ranges of fund sources. All tax based revenues are put together, these being general fund, subvention from State and assessments.

TABLE 34. SOURCES OF FUNDS FOR NINE AGENCIES
BY PERCENT OF TOTAL

	Percent of Total Funds	
	Average	Range for Individual Agency
Tax-based	74%	83% to 50%
Federal Grant	20%	50% to 8%
Retained Fees	3%	7% to 0%
Other	3%	15% to 0%
Total	100%	

In Table 34 the Retained Fees are those fees which accrue to the agency and are part of the budget process. Where fees are retained and become part of the funding, it is important that the agency have a reserve fund to draw upon as revenues change from year to year and especially where activity or the revenue base is estimated to decline. In the budget process revenues from fees should be conservative or under estimated unless such reserve is available.

3. Service Revenue Related to Activity (Table 32)

This table of data is greatly influenced by the definition of the 'activity units' which carries the variability as the 'source definition'. Units related to permits and inspections (A1, A1.1, and A2) are fixed by the regulation of the agency and have a different base depending on the regulations. The involvement is such that no averages can be determined and users of this data should go to the regulations to ascertain the meaning of a unit.

4. Service Revenue Related to Service Cost and Agency Budget (Table 33)

In this analysis averages for all nine agencies are shown with range of service revenue, related service costs, and agency budget.

TABLE 35. SERVICE REVENUE VS SERVICE COST AND BUDGET

	Avg. %	Range Max. %	Min. %
Service Revenue as a percent of Service Costs	33	66	10
Service Revenues as a percent of Agency Budget	9	20	3

Table 35 shows that for the nine agencies surveyed 33% of the service cost is recovered by the service revenue with a high of 66% and a low of 10% for the individual agency percentages. Compared with total Agency budget requirements, revenue from fees and service charges averaged 9% with a range from 20% to 3%.

C. OTHER AGENCY DATA

Reviewing the Summaries of eleven state agency visits by a federal study team, it appears that the Schedule of Fees (Table 2) established for this study is complete.

Two agencies not covered by this study are noted:

(a) Maricopa County, Arizona where receipts from permit fees for FY 74 is estimated to be $200,000 against a budget plus Federal Grant of $400,000 or 50% of the agency funding requirements. The summary with comments is shown in Table 36.

(b) The State of Michigan which uses an Annual Surveillance Fee reports estimated receipts of $1,300,000 against a budget of $2,400,000 ($1,500,000 state funds, and $900,000 Federal Grant). From these estimates, surveillance charges to sources would be 87% of the State funds required and 54% of the total funds for the operation of the Michigan State program. The Michigan Summary is shown in Table 37.

TABLE 36. MARICOPA COUNTY, ARIZONA

State: Arizona (Maricopa County Bureau of Air Pollution Control)

Budget: $300,000 Federal Grant: $100,000

Existing Fees:

	Description	Disposition	Est. FY 74 Receipts
1.	Air permit fees (paid upon issuance of permit)	Revolving fund	$200,000

Salient Points:

1. Statutory authority to levy fees (with receipts being available solely for air pollution control) was obtained from the State in 1968; Agency management saw fees as the only feasible way to support a strong program.

2. A fee schedule was adopted by the County in late 1968; in 1971 a new, stronger approach to permits and fees was adopted. Agency management shares the credit for this increased funding with heightened environmental concern and the first and only "air pollution emergency" conditions that Phoenix has ever experienced.

3. Fee revenues grew from FY 71 ($100,000) to FY 74 ($200,000) as a result of County growth and more complete coverage of sources. Administrative costs are estimated at no more than 10 percent of receipts.

4. Fee receipts have stabilized and Agency management expects only gradual increases under existing fee schedule; prospects for increasing the fees (which can only be used to defray the cost of the permit program) are uncertain, and would take at least 12 months.

5. Agency management feels that it is in a real financial box: fee revenues are stable, Federal grants have decreased somewhat, and County general fund support is unlikely.

From, Report on a Study of Control Agency Revenue Fees, Office of Planning and Management, U.S. EPA June 1974.

TABLE 37. STATE OF MICHIGAN

State: Michigan (State Division of Air Pollution Control)

Budget: $1,500,000 Federal Grant: $900,000

Existing Fees:

	Description	Disposition	Est. FY 74 Receipts
1.	Annual surveillance fee (paid upon receipt of bill each February)	remiburses appropriation	$1,300,000 [a]

Salient Points:

1. This is the outstanding example of the revenues that can potentially be raised by fees in the area of air pollution control; it was passed in mid-1972, under circumstances similar to the water fee.

2. The total elapsed time between initial substantive discussions (December 1969) and initial receipts (February 1974) was over four years.

3. Collections, as of early May, were over 90 percent of billings and no specific collection problems were foreseen; FY 75 receipts are projected to be $1,600,000.

4. Fees provide approximately 40 percent of total revenues and are the only source of non-Federal funds; legislative intent was apparently to fund only increased surveillance activities, but the Appropriations Committee made the fee the sole source of State funds for both the State and five local agencies. Maximum receipts under current schedule estimated to be $2,000,000 annually.

5. The State's local agencies are now prohibited from levying fees; the sharing of fee receipts between the State and local agencies has been, and promises to continue to be, a problem area.

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[a] Approximately $700,000 is allocated among 5 local air pollution control agencies.

From, Report on a Study of Control Agency Revenue Fees, Office of Planning and Management, U.S. EPA, June 1974.

VI SUMMARY OF COMMENTS RELATED TO FEE STUDY OBJECTIVES

A. FEE SYSTEMS IN USE IN NINE STUDY AGENCIES

The most universally used revenue systems are the charges for installation permits and required inspections (A1, A1.1, and A2). All agencies excpet BA APCD and WIS APSW use one, two, or all three systems. A bill is introduced into the California legislature to authorize Bay Area APCD to utilize such charges. No prediction was made as to the success of its adoption.

Wisconsin finds the A3 Surveillance and Monitoring system working well in its first year of operation although revenues are recovering only 26% of the monitoring costs and 15% of the total agency operating fund requirements.

A4 through A6 fees were not found in the survey agencies except License Fees (A6) charged by StL APCD to Solid Fuel Dealers. The amount is so small ($400) it was not included in the summaries.

A8, Variance Hearing fees were found in three agencies while A9, Open Burning Permits were found in LAC APCD where they are to be discontinued.

Reimbursement for Contracts B2 and charges for Technical Services and Reports (D1) were found in three agencies. Two other agencies were authorized to make D1 charges and are tooling up to do so. Revenues from D1 fees are shared with the Federal government by all grantee agencies.

Criminal penalties for court prosecuted violations are universally used, but since revenue from assessed criminal penalties are not credited back to agency operation, they are not included in this analysis.

Civil Penalties E2 are successfully used in three agencies, two of which show an excess of income over costs while a third, operating through a separate Board as an administrative court has shown an excess of operating costs over collected penalties assessed.

B. AUTHORITY TO ADOPT NEW REVENUE SYSTEMS OR REVISE FEES

The practice is universal that the elected legislative body must approve new fee systems. City Agencies generally require ordinance to change the amount of the fees charged while district or state agencies generally are allowed to set the fees to recover the cost of operation. As is seen from the data summaries, the fees are generally set well below the cost of the service related to the fee system.

The reasons for setting fees well below costs, even though legal authority is given to recover costs are not readily apparent. However, some points might be made as follows:

(a) Lack of cost experience and cost data along with a desire to be 'well within' the legal requirements. Very little evidence was found of adequate cost accounting. Only now (1974) is CHI DEC using PPBS which furnishes reasonably accurate cost data. Some agencies had difficulty in breaking down costs by Services Divisions which is the first step to assessing activity costs.

(b) Escalating costs requiring frequent review (LAC APCD last established fees to recover costs in 1964 and reports that since then costs have risen $3\frac{1}{2}$ times requiring study for upward revision).

(c) A hesitance to set the charges so high that additional enforcement problems arise from a resistance to pay "high" fees.

C. FEE APPLICABLE TO PUBLIC ENTITIES

In general, federal, state and local governmental agencies are subject to the operational regulations, but there was no universal policy with regard to payment of fees. Every agency where fees are charged against other governmental units have collection difficulties. Each agency, except where governmental facilities are exempt from paying the fee, struggles with other governmental units until a policy is developed. Once this is done, collections proceed according to established policy.

The rationale for non-charges to other governmental units may be found historically that a 'higher' governmental agency is not subject to control by a lesser unit. When most agencies were local (city) operations, state and federal entities were not subject to any of the local regulations. However, now that states are universally involved in air pollution

control and in fact state regulations are also federal regulations, exemptions on the old basis can no longer be claimed. But the tradition carries over. Time may change this viewpoint.

Another viewpoint considers that a charge by one government agency to another is somewhat like charging oneself for services performed. The charge merely transfers funds from one account to another adding paper work to an already burdened system.

D. COLLECTION AND DISPOSITION

Collection of fees present no problems whether fees are required with applications or are billed after compilation by the agency. Usually there is built-in authority to cancel or recind a permit or license to operate if the fee is not paid. LAC APCD has a built-in penalty. When a permit issuing fee is not paid within a certain length of time, the permit application is cancelled. After this is done, a new filing fee is required with the re-filing when the permit is sought a second time.

The processing of received revenues presents no difficulties. How this is done is dictated by the business practices of the agency.

E. BUDGETING WITH RESPECT TO FEES

Where revenues are part of appropr'ated funds and revenues fall short of predicted amounts, serious difficulty can arise. Shortage of revenues do not permit hiring of people to perform the service to generate the revenue. This is a 'chicken and egg' situation and seed money or fund reserves are needed to provide for failure of revenues to meet predictions which are part of the agency budget.

Where fee revenues are deposited to the general fund without designation as an item in the agency appropriation, no problems arise. Funds are appropriated from general revenues plus federal grants and agencies are assured of the year's operating funds.

However, in the budgeting process, the revenue expected from fees can be a bargaining point by the agency representative to the budget hearing. Staff is needed to perform the service and where revenues are expected to recover even a portion of costs, it would be reasonable to assume a certain weight of argument for the appropriation would accrue.

F. RETURNS IN TERMS OF POLLUTION CONTROL

The permit to construct and renewable operating certificate were given strong recommendation as good enforcement aids. However, the strength is found in the regulatory authority rather than in the charging of the fee.

Only the E2 Civil Penalty assessment was singled out as having a direct influence on reduction of emission through enforcement. The authority of the agency administrator (as in PS APCA) or a board (as in NYC ECB) to direct that monies be forfeited for certain observed and provable infractions of the regulations adds strength to a cease and desist order and encourages bringing the source into compliance.

It was apparent from the PS APCA and NYC ECB data that costs of collecting civil penalties are substantial.

Puget Sound report for the calendar year 1973:

(a)	Civil penalties assessed	$ 100,600
(b)	Civil penalties collected	$ 71,386
(c)	Legal costs connected with assessment and collection	$ 27,967
(d)	Net revenue	$ 43,419

From the above it is determined that the legal cost of assessment and collection was 39 percent of the actual collections.

The New York City, Environmental Control Board which functions primarily to hear charges of violations and then render decisions as orders to abate and to assess and collect civil penalties, shows <u>excess</u> of operating cost over collected penalties of $256,643 for FY 74. From August 1971 when the Board began operations through June 1974 imposed 2.7 million dollars but collected only $923,871 or 34% of the total impositions.

G. IMPACT OF REVENUE SYSTEMS ON TAX BASED FUNDING

The revenues from fees and charges shift the burden from general tax based funding to the sources of air pollution emissions. The degree of shift, of course, depends upon the level of fees and charges assessed.

Two aspects of this shift are apparent, one the present revenues from fees are a small percentage of agency fund requirements, the average

of nine agencies studied being 9% with a maximum of 20% and minimum of 3%. To bring larger revenues, the schedules would require increases of several orders of magnitude. For example, if the cost of administration, engineering and inspection to operate the permit system of Agency A was 1 million dollars and the existing fee structure generated the average return of 9%, the revenue would be $90,000. Now a proposal is made to make the permit system self sustaining by increasing fees. The fees must be adjusted upward to produce an additional $910,000 or they must be increased more than 10 fold. Assuming no increase in number of permits, an individual permit which at present would cost $100.00 must be increased to $1000.00 and it is doubtful that such major adjustment could practically be attained. Adjustments upward will be made, but the extent of adjustments will be tempered by other considerations in addition to cost of service.

H. GENERAL REACTION TO FEE SYSTEMS

Agency Managers accept the fee systems they administer as part of their managerial responsibilities. Most of them inherited the base of operation and are not 'campaigning' for big change. Some have minor changes under study and some say they will study change to recover more costs if requested by 'higher authority'. All control officers are conscious of the continuing need for expanding budgets based upon higher personnel costs to maintain present level of activity and the possibility of new programs dictates by the federal E.P.A. How these higher costs are to be met will require much of their attention in the years ahead.

VII CONCLUSIONS

A. UNIVERSALITY OF FEE AND REVENUE SYSTEMS

When looking beyond the nine agencies selected for this study because each had one or more revenue producing systems, it would be found that such universality does not apply to all agencies. A complete count would no doubt show more state agencies do not charge fees than do make charges for permits, inspections and other activity. Local agencies have a longer history of charging for services rendered. It becomes a practical and a political question to choose between funding the agency's operation from tax-based monies or by specialized charges against air pollution sources.

B. IMPACT ON ENFORCEMENT PROGRAMS

The choice between source charges and tax-based funding should be examined and decided only after serious consideration of the affect the charges will have upon the enforcement programs.

It is self evident that civil penalties, fairly and conservatively applied, aid enforcement. Charges for permits and required inspections do not loom large as an enforcement tool, but do generate revenue which is readily managed. Many administrators stated the charges added 'status' to the permit and inspection. It could also be said that the service when charged for must be more expertly carried out. It is believed that there is substance to this viewpoint.

C. FEE SYSTEMS SHOULD BE UNCOMPLICATED

In divising fee systems, the basis for the charge must be definite and not amenable to subjective misinterpretation. The fixed fee does not require judgement, but it cannot be used for every size and complexity of installation and still relate charges to service costs.

Fee schedules which relate charges to costs should be kept uncomplicated. Compromise with precision is justified to accomplish schedules that are readily understood. The applicant should be able to calculate the fee from the schedule with a minimum of instruction.

Where charges are based on complex formulas, as in the case of surveillance costs distributed according to emissions, good use can be made of automatic data processing and billing. Wisconsin appears to have overcome the billing complexity by sending with each bill, a computer print-out of the parameters and billing computation. A space is allowed on the print-out sheet for up-dating and correcting data. Experience has shown that data is up-dated and not always in favor of the source.

D. MAJOR CONSIDERATIONS IN SUPPORT OF AND IN OPPOSITION TO FEE SYSTEMS

1. In Support of Fee Systems

(a) Fees charged for services directed toward enforcement shift a portion of the burden of financing from the general public through the use of tax-based funds to the sources of air pollutant emissions.

(b) There is a tradition of many years that new construction and use of land is controlled by the permit system and such permits are issued only after a fee is paid. The installation permit with the fee for constructing and installing source processes and equipment to control air pollution emissions is part of this tradition. The operating permit extends the system for more complete control.

(c) Collection of fees for services is easily managed with a minimum of default of payments

(d) Effluent charges can have a positive influence on enforcement. Such assessments could motivate controls of air pollution emissions solely for economic reasons.

(e) A sense of fairness dictates that sources who cause pollution and receptors who benefit from control should share the burden of enforcement. The formula will differ from place to place, but in the absence of a data base for dividing costs, a starting point might be "fifty-fifty", with sources and the public sharing equally in the overall costs of agency operation.

2. In Opposition to Fee Systems

(a) When an agency becomes dependent upon fees and charges for all or a major share of its operating funds, there may develop an aura of doubt as to the freedom of choice of program emphasis. Which services grow in importance, those that generate revenue or those that reduce emissions and improve air quality? If revenue and control are parallel and in the same direction then one complements the other. But where such is not the case, the burden of choice rests heavily upon administrators to set the course of operation along the most productive path toward the agency goal of acceptable air quality.

(b) Apportionment of costs between sources and activity becomes a formidable undertaking. Emission inventory is not an exact science. The basis for charging in relation to contribution needs definition which is available only to the more advanced program areas.

(c) Fees and charges for a small number of major sources can be managed. But consider the sheer weight of numbers where cost sharing is to be spread among all sources of a populous area as New York City with a potential of 800,000 sources in 300 square miles. Then look at the dispersion problem of a state program as in Oregon with 6000 sources located in 88,400 square miles. Detail problems will grow as fee systems are extended from a few major contributors to the equitable sharing among all sources.

(d) A subtle but important consideration is the potential for programs supported entirely and generously by fees and charges, to become self perpetuating. Budgets from tax-based funds are subject to annual review by elected representatives of the people thereby exercising control often lacking in fee supported regulatory programs.

(e) Costs of collecting civil penalty assessments can be considerable. Experience of New York City shows that the operating costs of the Environmental Control Board, whose function is to adjudicate charges of violation and assess penalties exceed the collection of penalties imposed. Collection of civil penalties is not as automatic and manageable as charges made for other service functions as permits and inspections.

E. REVENUE SYSTEMS COMPARED

Which revenue system is best for which agency? This question is not answerable. Each system is constructed to accomplish a stated purpose.

To determine which system it should adopt, an agency must first eatablish the objective to be accomplished. Is the system to produce revenue to shift the financing burden? Are the fees and charges to aid enforcement? Will enforcement and fund shift be mutual objectives? When such questions are answered, the fee or charging basis is structured bearing in mind that approval by elected representatives of the people will be required.

TASK 2

2.0 AGENCY INTERVIEW GUIDE 4. Date of Contact _____

General

1. Agency Name _____

2. State _____ Regional _____ County _____ City _____

3. Person Interviewed:

Name _____ Name _____

Title _____ Title _____

Name _____ Name _____

Title _____ Title _____

5. REVENUE PRODUCING SYSTEMS (Task 1)

Group A

A.1 Permits to Construct. (one time)

A1.1 Permits to Operate (one time)

A2 Recurring operational permits (annual?)

A3 Monitoring/Surveillance charges (Michigan)

A4 Source Analysis charges (Source test or witness)

A5 Fuel Analysis charges

A6 Business License fees (Solid fuel dealers license)

A7 Motor Vehicle Inspection fees

A8 Application for Variance or Hearing Board Proceedings

A9 Open Burning permits

A10 _____

A11 _____

A12 _____

Group B

B1 Earmarked taxes (Bay Area)

B2 Contractural Services with Other Communities (SWO Plan)

Group C

C1 Authorized but not charged (Record why)

Group D (Specialized charges)

D1 Charges for Technical Reports and Information (LA)

Group E

E1 Fines and Penalties (Court assessed)

E2 Civil Penalties (Admin. Assessed)

Notes to Revenue Producing Systems

1. Where automatic penalties are provided for follow by P.

2. Note the following

S for a scheduled (variable) fee

F for a fixed fee (the same for all applicants)

V variable depending upon time required (actual cost of the work)

6. Obtain a copy of Fee System Schedule of Charges of otherwise describes the fees and charged made.

Response._____

_____

_____

_____

7. Legal Authority for collecting fees or charges.

Response._____

_____

_____

_____

8. What is the mechanism for collecting Fees By Fee Designation Number..

Resonpse._____

_____

_____

_____

_____

_____

_____

_____

9. DISPOSITION OF REVENUES FROM FEES AND CHARGES

9.1 Deposited to General Fund without designation. _____

9.2 Deposited to General Fund designated for agency activity. _____

9.3 Retained by agency without designation. _____

9.4 Retained by agency designated to specific activity. _____

9.5 Other:_____

_____

_____

10. If response is 9.2 or 9.4 or otherwise shows "for agency activity" is the budget appropriation reduced by the amount of fees anticipated to be collected? _____

10.1 If yes, what provisions are made to make up deficit if fees collected are not up to predicted amount?

_____

_____

_____

_____

_____

_____

11. Dollar Volume of Fees & Charges and Unit Volume (or other fee parameter) for last operational year and current year.

Fee Class	LAST operational yr. _____		Predicted for current yr. _____	
	$ Revenue	Units	$ Revenue	Units

12 Cost of Collecting Fees? (Estimate in man years of $ cost of % fees collected) _____

_____

13. Diffuculty of collecting Fees? % of total uncollected _____

Remarks. _____

_____

AGENCY BUDGET & SOURCE OF FUNDS VS COSTS

14. BUDGET VS COSTS (If available obtain copy of budget request for current and future years (to 1979)

	Last Yr '___ Expenditures	Current'__ Budget	% of Budget Allocation-Revenue Syst. 19__	19__	19__	19__
Agency Total						
A. Administration						
B. Engineering						
C. Monitoring Technical Services (Source Test)						
D. Enforcement						
E. Others						
F. Others						
G. Others						
H. Others						

Remarks

15. SOURCES OF FUNDS

Source Category	Last Yr.	Current Yr.	Projected Years 19__	19__	19__	19__
General (Tax Based)						
State Funds to Local (State Tax Base)						
Federal Funds						
Retained Fees						
Others						
Others						
Others						

16. Are there any enforcement benefits from any of the revenue systems?

_____

_____

_____

16.1 What are the disadvantages of the present revenue systems?

From Agency Standpoint: _____

_____

_____

_____

From Users Standpoint: _____

_____

_____

_____

17. You now generate about _____% of your total budget requirements by fees and charges. Would you welcome a higher percentage of your budget requirements generated by fees and charges? _____

17.1 If the answer to 17. is yes, what percentage do you believe should be generated by charges for fees and services? _____%

17.2 Why do you like this higher percentage? _____

_____

_____

_____

17.3 Would you require Board or Legislative Action to increase fees? _____

_____

17.4 If you wished substantially increased present fees, estimate the reaction of Board or Legislation to such a request. What length of time would be required if you believe they would consider higher fees?

_____

_____

_____

18. Do you have any "pet" ideas you would like to have available to generate revenue which you do not at present have? Describe.

_____

_____

_____

_____

18.1 What would be the benefits from such new idea system?

_____

_____

_____

18.2 Would such 'new idea' system require Board of Legislative Action?

_____

18.3 How long would it take to get such 'new idea' system adopted?

_____

_____

18.4 Once adopted, how long would it take to put into operation?

_____

_____

18.5 What would reaction of Users be to such 'new idea' system?

_____

_____

_____

19. How do you define a "Source"? _____

_____

_____

_____

20. Population served? _____

Area served? _____

No. of sources? _____

21. Request

_____ Organization Chart with positions required

_____ Annual activity report

_____ Annual or other Budget or Fiscal Report

_____ Other reports or documents which are pertinent to this survey

_____ _____

_____ _____

_____ _____